

# **Exhibit A**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK (NEW YORK)

IN RE: . Case No. 24-10381-jpm  
JJ Arch LLC, . Chapter 11  
Debtor. .  
. . . . .

TRANSCRIPT OF 341 MEETING OF CREDITORS

New York, NY

June 20, 2024

APPEARANCES:

U.S. Trustee: Office of the United States Trustee  
By: BRIAN S. MASUMOTO, ESQ.  
Alexander Hamilton Custom House  
One Bowling Green, Room 534  
New York, NY 10004-1408  
212-510-0500

For the Debtor: Davidoff Hutcher & Citron LLP  
By: JONATHAN S. PASTERNAK, ESQ.  
605 Third Avenue  
New York, NY 10158  
646-428-3124

APPEARANCES CONTINUED.

Transcription Company: Access Transcripts, LLC  
10110 Youngwood Lane  
Fishers, IN 46048  
(855) 873-2223  
[www.accesstranscripts.com](http://www.accesstranscripts.com)

Proceedings recorded by electronic sound recording,  
transcript produced by transcription service.

APPEARANCES (Continued):

For Arch Real Estate Holdings LLC: Olshan Frome Wolosky LLP  
By: JONATHAN T. KOEVARY, ESQ.  
1325 Avenue of the Americas  
New York, NY 10019  
212-451-2265

For Jared Chassen: Klestadt Winters Jureller Southard & Stevens, LLP  
By: SEAN C. SOUTHARD, ESQ.  
200 West 41st Street  
New York, NY 10036  
212-972-3000

Schwartz Law PLLC  
By: ALLEN SCHWARTZ, ESQ.  
150 Broadway, Ste 900  
New York, NY 10038  
347-460-5379

For 608941 NJ Inc.: Haynes and Boone LLP  
By: LESLIE C. THORNE, ESQ.  
AISHLINN BOTTINI, ESQ.  
30 Rockefeller Plaza  
Ste 26th Floor  
New York, NY 10112  
212-835-4848

For 40 Neutral LLC and Kay Properties LLC: Westerman Ball, et al.  
By: WILLIAM HEUER, ESQ.  
1201 RXR Plaza  
Uniondale, NY 11556  
516-622-9200

For ConnectOne Bank: Cole Schotz PC  
By: JACOB S. FRUMKIN, ESQ.  
1325 Avenue of the Americas  
19th Floor  
New York, NY 10019-6079  
646-563-8944

Also Present: KEVIN WIENER



1 (Proceedings commence)

2 MR. MASUMOTO: All right. Good afternoon. My name  
3 is Brian Masumoto. I'm a trial attorney with the Office of the  
4 United States Trustee. Today's date is Thursday, June 20th,  
5 2024. It's approximately 2 p.m. -- 12 p.m. this afternoon.

6 This is the adjourned initial 341 in the matter of JJ  
7 Arch LLC. Case Number is 24-10381. Case has been assigned to  
8 Judge John P. Mastando.

9 This is the first 341 meeting. The original meeting,  
10 I believe, was scheduled for April 8th, 2024. And that was  
11 adjourned because it fell approximately at the time a hearing  
12 on the motion to dismiss the case was scheduled.  
13 Unfortunately, that motion to dismiss was -- has been  
14 adjourned.

15 In the interim, the Court has issued opinions on the  
16 motions to remand or abstain, as well as the motion to lift  
17 stay. So it was determined by our office that it was probably  
18 appropriate at this time to go forward just to get a status.  
19 As all of the parties on this call is aware, there was a  
20 hearing at 9 a.m. this morning on various matters.

21 So again, preliminarily, this case has been extremely  
22 complicated in several respects. There's been currently new  
23 counsel that has entered the case. And unfortunately, it's not  
24 quite clear as to where this case is going. But it seemed  
25 incumbent upon our office to at least start the initial 341.



1 Whether or not the 341 will be continued, is to be determined.

2 Having said that, and given the profile of this case,  
3 and part of the concern about adjourning the initial was that  
4 this was a very contentious case. And in fact, at the time,  
5 the decision was made regarding the initial 341, there were  
6 indications that extensive discovery would be necessary.

7 Unfortunately, at least my understanding based upon  
8 the judge's two opinions, the issue of discovery relating to  
9 governance and the possible motion to dismiss is still  
10 technically out there. So I do want to warn people that this  
11 341 is not intended to serve as a substitute for discovery.

12 Given the interrelationship between governance and  
13 the bankruptcy filing and so forth, I'll provide -- I'll allow  
14 some latitude. But again, I'm not going to allow this 341 to  
15 be used as a discovery opportunity for the parties.

16 Basically, the 341 that I'm concerned about for this  
17 meeting is what is the debtor's intentions going forward, and  
18 its prospect for reorganization. So I would ask, when I do  
19 open up the meeting to questions from parties in interests,  
20 creditors, and so forth, that they be limited to that sort of  
21 general concern about the case.

22 And again, although I will provide -- I will allow  
23 some latitude, again, don't be surprised if I cut you off if I  
24 believe that in fact, we're sort of moving into sort of  
25 discovery type issues that are not appropriate for a 341.



1 All right. So why don't we proceed? My  
2 understanding, again, is that the principal of the debtor is  
3 Jeffrey Simpson. Mr. Simpson, are you on the line?

4 MR. SIMPSON: Yes, I am.

5 MR. MASUMOTO: All right.

6 JEFFREY SIMPSON, DEBTOR'S REPRESENTATIVE, SWORN

7 MR. MASUMOTO: All right. Okay. For the record,  
8 please state other appearances for the record beginning with  
9 the debtor's counsel, and then with the creditors and other  
10 parties in interest. All right. Debtor's counsel?

11 MR. PASTERNAK: Jonathan Pasternak, Davidoff Hutcher  
12 & Citron, 605 Third Avenue, New York, New York 10158 for the  
13 debtor.

14 MR. MASUMOTO: Thank you. Other parties?

15 MR. KOEVARY: Jonathan Koevary --

16 MR. SOUTHARD: This is Sean --

17 MR. KOEVARY: -- Olshan Frome Wolosky for Arch Real  
18 Estate Holdings.

19 MR. SOUTHARD: Sean Southard, Klestadt Winters  
20 Jureller Southard & Stevens on behalf of Jared Chassen.

21 MR. HEUER: Bill Heuer --

22 MS. THORNE: Leslie Thorne and Aishlinn Bottini,  
23 Haynes Boone, on behalf of 608941 NJ Inc.

24 MR. HEUER: This is Bill Heuer, Westerman Ball for 40  
25 Neutral and Kay Properties.



1 MR. MASUMOTO: All right. Any other appearances?

2 MR. FRUMKIN: Jacob Frumkin --

3 MR. SCHWARTZ: Yeah, this is Allen Schwartz --

4 (Simultaneous speaking)

5 MR. MASUMOTO: I'm sorry, there were two people  
6 talking.

7 MR. SCHWARTZ: Try again. This is Allen Schwartz.  
8 Yeah. Allen Schwartz, Schwartz Law PLLC, 150 Broadway, New  
9 York, New York 10038 on behalf of Jared Chassen, and I believe  
10 Mr. Chassen is also has -- is on this call.

11 MR. MASUMOTO: All right. Thank you. Anyone else?

12 MR. FRUMKIN: Jacob Frumkin from Cole Schotz P.C. on  
13 behalf of ConnectOne Bank.

14 MR. MASUMOTO: Okay. Anyone else?

15 MR. WIENER: Kevin Wiener, executive vice president  
16 of 608941 NJ Inc. and acting managing member of Arch Real  
17 Estate Holdings, LLC.

18 MR. MASUMOTO: All right. Any other appearances?

19 No. All right. Why don't we proceed?

20 Mr. Simpson, did you sign the petitions, schedules,  
21 and statement of financial affairs?

22 MR. SIMPSON: Yes.

23 MR. MASUMOTO: All right. With respect to the  
24 petition, are there any corrections, additions, or amendments  
25 that you'd like to state for the record at this time?



1 MR. SIMPSON: I mean, I think, consistent with the  
2 email exchanges that most of the parties here were on, and I'll  
3 state for record, there's a lot of information I do not have.  
4 I don't have the -- you know, the way that JJ Arch works is  
5 it's an opportune organization. So it is the majority owner of  
6 Arch Real Estate Holdings. Arch Real Estate Holdings has a  
7 variety of companies that are directly owned, indirectly  
8 involved in. The way taxes have to work is go off the flow  
9 from the top.

10 So I am -- do not have information for those entities  
11 down below for the liabilities, assets prospective to properly  
12 illustrate what those things are or are not, which obviously  
13 the (indiscernible) situation, if I make it -- if I was or when  
14 I was in control of Arch Real Estate Holdings, it would be  
15 something I would be able to get from the staff that we used to  
16 have. But those staffs are gone. And I did not receive that  
17 information from the acting managing member.

18 I'll bite what was said by Adam Friedman or  
19 Friedberg, who I called him out and said, if you have it -- if  
20 you think I have it, please send it now. And he hasn't. So I  
21 think we all know --

22 MR. MASUMOTO: All right.

23 MR. SIMPSON: -- I don't have that information. So  
24 that's --

25 MR. MASUMOTO: Mr. Simpson?





1 MR. SIMPSON: -- where we are.

2 MR. MASUMOTO: One moment, Mr. Simpson. Do you have  
3 copies of the document, the petition, the schedules, and  
4 statement of financial affairs in front of you?

5 MR. SIMPSON: No, I don't have those in front of me.

6 MR. MASUMOTO: Okay.

7 MR. SIMPSON: I know of caveats that I've made.  
8 Like, the caveats that I've made hold true. Those have not  
9 changed, those caveats.

10 MR. MASUMOTO: So would it be possible for you to  
11 acquire copies for you to review at this time?

12 MR. SIMPSON: Sure.

13 THE COURT: Okay. So as we proceed, I would  
14 appreciate it if you had those documents before you. If you  
15 look at the original petition, it's a page -- 15 pages. Again,  
16 this is separate. I'm talking about the petition, separate  
17 apart from the schedules and statement of financial affairs.

18 With respect to the petition, the 15-page petition, I  
19 want -- I was asking whether or not you're aware of any changes  
20 or corrections. Now, having said that, I understand that the  
21 debtor filed an amendment to the petition, changing its  
22 selection of Subchapter V treatment to one of regular under  
23 Chapter 11. But aside from that change to the original  
24 petition, are you aware of any revisions, changes, or  
25 amendments that you'd like to state for the record at this



1 time?

2 MR. SIMPSON: No. The -- that's the only change that  
3 I'm aware of, and I can't tell you I know how that would change  
4 the (indiscernible) question on how it changed, just given the  
5 change from the election to 5 to 11. But other than that,  
6 that's the only thing I'm aware of.

7 MR. MASUMOTO: Okay. Again, now, with respect to the  
8 schedules and statement of financial affairs, there have been  
9 global notes -- there are global notes attached to those,  
10 essentially stating what you stated earlier, which is  
11 essentially that you don't have the sufficient information to  
12 be able to essentially attest to those documents. That's your  
13 current position, correct?

14 MR. SIMPSON: Yes.

15 MR. MASUMOTO: I did see an email exchange --

16 MR. KOEVARY: I'm sorry, that --

17 MR. MASUMOTO: I'm sorry, go ahead.

18 MR. KOEVARY: Trustee Masumoto, may I interrupt for a  
19 second? This is John Koevary for counsel for AREH.

20 MR. MASUMOTO: Go ahead.

21 MR. KOEVARY: You know, Mr. Simpson is making excuses  
22 that are entirely unfounded. And I think the email  
23 correspondence speaks for itself. And the fact that he's  
24 sitting here today pointing fingers at AREH who has, you know,  
25 given him, you know, everything they can and said, if there's



1 anything else, has offered to, you know, make anything  
2 available upon request and no such specific request has been  
3 made. So you know, he can take whatever position he wants, but  
4 that's just completely disputed.

5 MR. MASUMOTO: Okay.

6 MR. SIMPSON: And complete disputed and arguably --  
7 arguably -- arguably AREH's my company and you work for me. I  
8 never approved your --

9 MR. MASUMOTO: One moment, excuse me.

10 MR. SIMPSON: -- further --

11 MR. MASUMOTO: Excuse me.

12 MR. SIMPSON: And further -- and --

13 MR. MASUMOTO: Hang on. Mr. Simpson, I take it that  
14 that was your interjection. At this time, we need one person  
15 to speak at a time. And whenever someone speaks, they need to  
16 identify themselves.

17 At this point, look, just as I stated earlier, I know  
18 there are disputes, discovery disputes that are probably  
19 outstanding and so forth. I don't want this to devolve into,  
20 you know, finger pointing and, you know, back and forth  
21 accusations or whatever. I will give everyone an opportunity  
22 to make a statement, but essentially one statement.

23 Mr. Simpson, your position has been stated initially.  
24 And at this point, I've allowed Mr. Koevary to make a  
25 statement. Let's leave it at that for now. And then let's



1 continue.

2 So with respect to the statement of financial affairs  
3 and the schedules, the global notes as far -- which indicate  
4 that the schedules and statement of financial affairs cannot be  
5 finalized or not finalized at this point, that is the current  
6 position of the debtor. Is that correct, Mr. Simpson?

7 MR. SIMPSON: Yes.

8 MR. MASUMOTO: Okay. All right. So going for -- the  
9 next question is one, Mr. Simpson, you can answer if you're  
10 able. I certainly would understand if you prefer to defer to  
11 your counsel. But what I wanted to know, and what I thought  
12 was important for this 341 meeting, was sort of the status of  
13 the case with vis-a-vis the debtor's intentions, post the two  
14 opinions rendered by the bankruptcy court. The bankruptcy  
15 court rendered a decision remanding and or abstaining with  
16 respect to the state court action, and also as a companion  
17 opinion indicating that it would lift the stay.

18 So Mr. Simpson and/or your counsel, can you advise me  
19 as to the debtor's intention? Does it regard the opinions --

20 MR. PASTERNAK: Yes.

21 MR. MASUMOTO: -- as a want to be appealed? Or is it  
22 interlocutory? What exactly -- can you give me some idea as to  
23 what the debtor intends to do vis-a-vis the two opinions?

24 MR. PASTERNAK: Yeah. Well, since the -- this is  
25 Mr. Pasternak for the debtor. The decisions are not final



1 orders. They are referred to as proposed findings of fact and  
2 conclusions of law to the district court. The debtor will be  
3 filing objections to those proposed findings and conclusions of  
4 law. That's the appropriate procedure. It's not a direct  
5 appeal.

6 MR. MASUMOTO: Okay. And so do you have any schedule  
7 or timeframe with respect to the district court's ruling?

8 MR. PASTERNAK: Yes, these pleadings are due on  
9 Monday.

10 MR. MASUMOTO: Okay. And have you been in contact  
11 with chambers as to when hearings might be held and so forth?

12 MR. PASTERNAK: Not until the papers are filed.

13 MR. MASUMOTO: Okay. And with respect to the  
14 debtor's intention, I mean, as to both, since they're  
15 contingent upon the district court, your position is that until  
16 the district court rules, your time to appeal does not begin.  
17 Is that correct?

18 MR. PASTERNAK: Well, technically, once a final order  
19 is entered by the district court, it's actually not appealable.

20 MR. MASUMOTO: Okay. So --

21 MR. PASTERNAK: So this is a quasi-appeal that gets  
22 determined up front. That's how it works under federal rules.

23 MR. MASUMOTO: Okay. All right. So do you have any  
24 idea -- I know you said you -- until the pleadings are filed  
25 and so forth. Do you have any sort of expectation as to when



1 the district court will rule?

2 MR. PASTERNAK: We hope as quickly as -- we'll ask  
3 for expedited ruling if possible. Thank you.

4 MR. MASUMOTO: All right. So until the district  
5 court rules, what is the debtor's intention with respect to its  
6 bankruptcy case? I guess technically, it seems to me that  
7 based upon this morning's hearing, the issue as to whether or  
8 not you're entitled to convert to a regular 11 is still  
9 outstanding and may be heard and ruled upon by the bankruptcy  
10 court. Was that your understanding?

11 MR. PASTERNAK: That's not the debtor's belief. I  
12 don't think the Court opined one way or the other. They simply  
13 adjourned the motion to expand the Sub V trustee's powers. And  
14 what we're doing with the case is we're reaching out to each of  
15 the constituents, including that movant, see if we can resolve  
16 things. Otherwise things will devolve into litigation on  
17 multiple fronts.

18 MR. MASUMOTO: But I -- my understanding is that the  
19 party who moved to for the expansion of the Subchapter V  
20 trustee's powers stated on the record that it intended to  
21 object to the change in selection from Subchapter V to a  
22 regular Chapter 11. Is that -- isn't that what happened?

23 UNIDENTIFIED: So -- so we --

24 MR. PASTERNAK: I -- as -- I think that's what --

25 (Simultaneous speaking)



1 MR. PASTERNAK: Go ahead, Mr. Simpson.

2 (Simultaneous speaking)

3 MR. HEUER: My apologies. I don't mean to interrupt,  
4 but it makes sense for me --

5 MR. PASTERNAK: Not at all.

6 MR. HEUER: So present intention is that I intend to  
7 file an objection to that. Whether I will or will not, I -- I  
8 cannot say with absolute certainty. I'm reviewing it. My hope  
9 and expectation is that matters can be resolved. And  
10 Mr. Pasternak did reach out right after the hearing. So I -- I  
11 remain hopeful that may not be something that is necessary for  
12 us to go through. Thank you.

13 THE COURT: All right. Thank you. All right.  
14 Now --

15 MR. PASTERNAK: Thank you, Mr. Heuer.

16 MR. MASUMOTO: So with respect to the debtor's  
17 bankruptcy case, assume -- let's assume it proceeds in -- as a  
18 regular Chapter 11 case. Does the debtor intend to file a plan  
19 and disclosure statement prior to the decision by the district  
20 court?

21 MR. PASTERNAK: The debtor intends to file a plan  
22 within its exclusive periods subject to those periods being  
23 extended.

24 MR. MASUMOTO: Okay. With respect to the -- I  
25 believe the debtors filed a motion for a bar date which -- to



1 which an objection was filed. Has the debtor reached any sort  
2 of resolution with respect to the bar date?

3 MR. PASTERNAK: That objection was filed late  
4 yesterday and we haven't addressed it yet. No.

5 MR. MASUMOTO: Okay. All right. All right. If I  
6 may, although I get it seems that the schedules and so forth  
7 are somewhat up in the air, I guess, as filed, I want to see if  
8 I can get some handle on the filings, on what was filed.

9 Looking at the schedules -- and this is for  
10 Mr. Simpson, if you can -- if counsel has been able to get up  
11 to speed on it. If you look at the schedules and look at page  
12 -- I guess beginning on Page 10 of -- I'm sorry. I'm trying to  
13 look at the schedules of all the various properties on which  
14 the debtors indicate that it has different kinds of interest.  
15 And I guess it starts with the real property interest on Page  
16 10 of 19, Page -- Part 9.

17 MR. PASTERNAK: Brian?

18 MR. MASUMOTO: Yes.

19 MR. PASTERNAK: Mr. Masumoto, can you just hold your  
20 question for a minute?

21 MR. MASUMOTO: Sure.

22 MR. PASTERNAK: So I can get the document up in front  
23 of my client, please. Thank you. Be a minute.

24 MR. SIMPSON: Jon, I'm good. Thank you.

25 MR. PASTERNAK: I'm sending it right -- I -- you have





1 the petition. I was just going to send you the schedules.

2 MR. MASUMOTO: All right.

3 MR. SIMPSON: Oh, sorry. I'm looking at schedules.

4 Okay.

5 MR. PASTERNAK: Yeah, there's two different  
6 documents. There's the voluntary petition. And here comes --

7 MR. SIMPSON: Right.

8 MR. PASTERNAK: -- the schedules.

9 MR. SIMPSON: All right.

10 MR. PASTERNAK: Thanks for everyone's patience.

11 MR. MASUMOTO: All right. So Part 9 was --

12 MR. PASTERNAK: All right. Just --

13 MR. MASUMOTO: I'm sorry. So Mr. Simpson --

14 MR. PASTERNAK: You can pull it up now.

15 MR. MASUMOTO: Mr. Simpson, do you have a copy of the  
16 schedules? This would be filed -- which was filed as document  
17 -- ECF Document 31.

18 MR. SIMPSON: Bear with me one second. There's two  
19 documents I'm opening to make sure I have the right one in  
20 front of me. Okay.

21 MR. PASTERNAK: Yeah, the one called schedules is  
22 Document 31, Jeff.

23 MR. SIMPSON: There you go. Okay. Yes. Okay. Now  
24 I do have it in front of me. Thank you.

25 MR. MASUMOTO: Okay. So Document 31. If you look at



1 Part 9, which is sort of the section that's sort of listed as  
2 real property. Do you see that? Do you see Page 10 of 19?

3 MR. SIMPSON: I do.

4 MR. MASUMOTO: Okay. Part 9, I guess, beginning with  
5 Paragraph 54 and then 55 are the individual lists -- listing of  
6 properties. Are those properties in which JJ Arch has a  
7 ownership interest? Is that the representation here?

8 MR. SIMPSON: So here's the -- there -- there's sort  
9 of two buckets, right? And I think we've disclosed this in  
10 multiple documents. There's -- let's call them above the line  
11 and below the line for the purpose of this conversation, or  
12 let's say it -- with Oak and without Oak, right? So -- or let  
13 me clarify with AREH or without AREH.

14 Okay. So the properties listed, like, in 55.1, you  
15 know, pretty much every -- right up to 55.1, 55.2, to 55.3,  
16 those three properties are properties where there -- there's no  
17 AREH involvement. The -- you know, that -- those are JJ Arch  
18 properties. JJ Arch is not the owner directly. The properties  
19 like 55.1, 55.2, those two are a little simpler. They have  
20 single member LLCs. And those single member LLCs have the  
21 membership shares are owned by JJ Arch LLC.

22 So like, the first one, 225 HPR LLC, which is, you  
23 know, the membership shares, and then 55.3 is one where -- this  
24 is -- your client is a participant, which is a little bit of a  
25 unique one. There's a -- there's three different 1031



1 entities, which JJ Arch has, you know, has involvement as  
2 management, etc. So those three fit in that bucket.

3 And then everything there afterwards, I'm just  
4 confirming as I look through them here, are ones where, you  
5 know, as we call it in the Arch Real Estate Holdings  
6 Agreements, if you look at Exhibit C and Exhibit D, there's a  
7 form structure in the agreements of Arch, where Arch is an  
8 operating company. And Arch has a file in which it buys  
9 property.

10 And Exhibit D in the agreement shows the form  
11 documents used. Every property has what we'll call, you know,  
12 MM, whatever the LLC's name is. So if it was, like, Tuscaloosa  
13 MM LLC, Arch Tuscaloosa MM LLC, there's always another party,  
14 that would be a JJ party that's affiliated with it. So JJ Arch  
15 itself is not the party.

16 But you see Exhibit C, which not here, but Exhibit C  
17 in the Arch Real Estate Holdings Agreements, it will show that  
18 it will always be JJ Arch LLC, or a designated party by JJ Arch  
19 LLC, which was done by me as the sole authoritator since 2021  
20 of all these entities. And then those entities individually,  
21 one by one, they're JJ entities, and there's a whole bunch of  
22 them. Each one of these entities that could be from Columbia,  
23 South Carolina to Brooklyn, they're very duplicative in nature.  
24 Document by document, each one of those have a group of  
25 investors, which was myself and my in-house team. And it's a



1 JJ investor member entity that has --

2 MR. MASUMOTO: I'm sorry. Mr. --

3 MR. SIMPSON: -- me personally as the authoritator.

4 MR. MASUMOTO: I'm sorry, Mr. Simpson. I understand  
5 this is extremely complicated and so forth. And quite frankly,  
6 I'm not sure --

7 MR. SIMPSON: Yes.

8 MR. MASUMOTO: -- I entire -- I followed entirely  
9 your narrative. But so --

10 MR. SIMPSON: Okay.

11 MR. MASUMOTO: -- how about if we do this? Okay.

12 55.1 refers to a residential realty property. The address  
13 appears to be 225 Head of Pond Road in Water Mill --

14 MR. SIMPSON: Yes.

15 MR. MASUMOTO: -- New York. Is that entity --

16 MR. SIMPSON: Yes.

17 MR. MASUMOTO: -- anywhere on your 1007-2 affidavit?

18 I mean, that document included various organizational charts  
19 and so forth. Is that property listed anywhere in the 1007-2  
20 affidavit?

21 MR. SIMPSON: I would have to check the affidavit. I  
22 don't know off the top of my head.

23 MR. MASUMOTO: Okay. Of the three, you seem to  
24 distinguish between 55.1 through 55.3. Those properties you  
25 indicated seem to be separate from the others. Are any of



1 | those -- any of the other two 55.2 and/or 55.3 on the -- when I  
2 | say affidavit, I'm talking about the first day affidavit. Are  
3 | any of those properties listed on any --

4 | MR. SIMPSON: Yes.

5 | MR. MASUMOTO: -- of the exhibits attached or  
6 | organizational charts? Mr. Simpson, do you know?

7 | MR. SIMPSON: I have to check.

8 | MR. MASUMOTO: Okay, you don't --

9 | MR. SIMPSON: I have to check. I have to check. I  
10 | don't -- I have to look.

11 | MR. MASUMOTO: Okay.

12 | MR. SIMPSON: I have to look at how we categorized it  
13 | for our information.

14 | MR. MASUMOTO: All right. Well --

15 | MR. SIMPSON: So I can check while we're -- while we  
16 | continue.

17 | MR. MASUMOTO: Correct me if I'm mistaken. 55.3, the  
18 | property located is 146 East 89th Street. Is that the  
19 | property? Is that the property that --

20 | MR. SIMPSON: Yes, I'm supposed -- if I can, I'm  
21 | sorry, I opened up this 1007.

22 | MR. MASUMOTO: Right.

23 | MR. SIMPSON: Just let me show the same page as you.  
24 | Are you referring to Exhibit A in the 1007?

25 | MR. MASUMOTO: Right. You have -- Exhibit A is a



1 listing of various organizational --

2 MR. SIMPSON: Yes. So I'm there now. So you're  
3 asking me if 55.1 through 55.3 are included in there? Is that  
4 your question?

5 MR. MASUMOTO: Yeah. Are they listed on any of those  
6 charts?

7 MR. SIMPSON: I am checking right now. I don't  
8 believe we structured in this way. I believe we separated  
9 those --

10 MR. MASUMOTO: Okay.

11 MR. SIMPSON: -- because again, they're what I would  
12 call -- what I call, you know, as I said earlier, above the  
13 line and below the line, meaning those are -- those have a much  
14 more narrow group of people involved. It's literally just a JJ  
15 Arch affiliated property without the AREH components. Where  
16 everything below that line is -- it has AREH components. So  
17 when I when I look at the Exhibit A, it looks to me like those  
18 are not included in Exhibit A. It may be somewhere else in  
19 this 165-page document I have to flip through. But they're not  
20 in Exhibit A from what I could tell.

21 MR. MASUMOTO: Okay. So let me ask a slightly  
22 different question then. And again, you forgive me because  
23 this complexity is probably beyond my usual comprehension.  
24 What I'm trying to determine is that all of these things are  
25 listed as indirect LLC interest. And looking at the



1 organizational charts, it seems that some of the interest is  
2 associated by virtue of management. I mean, like a ARE -- JJ  
3 -- the debtor has an interest in AREH. AREH is frequently the  
4 managing member of a number of these entities.

5 In some cases, AREH is a managing member with no  
6 underlying membership interest. So it would seem to me that if  
7 the debtor's interest is through AREH where AREH is a managing  
8 member with no membership interest, the debtor doesn't have a  
9 direct interest in the underlying property itself. It may have  
10 an interest in the entity because of its management fees, but  
11 not a not a property interest in the in the ultimate bottom  
12 line real estate. Is that a fair summary or characterization  
13 or is that inaccurate?

14 MR. SIMPSON: Now, in -- inaccurate. So if you could  
15 go to the 1007, I'm going to give you a really easy example,  
16 because most of them are pretty hard to read. But there's a  
17 few that are simple --

18 MR. MASUMOTO: Okay.

19 MR. SIMPSON: -- but we use the same structure. We  
20 have used the best things because there won't be no future.  
21 But let's just look at -- if you look at Page 25, 26 or -- in  
22 the PDF, or I would say, like, we use -- if you flip to Exhibit  
23 A, which is the Melrose Apartments, if you can go there.

24 MR. MASUMOTO: Okay.

25 MR. SIMPSON: That would be helpful, if you could



1 look at that one.

2 MR. MASUMOTO: I'm sorry. It looks like my PDF is  
3 somewhat corrupted. I'll have to call it back up. All right.  
4 What page? This --

5 MR. SIMPSON: Okay.

6 MR. MASUMOTO: 165? What page on the --

7 MR. SIMPSON: So Page 25 --

8 MR. MASUMOTO: Okay.

9 MR. SIMPSON: -- in my PDF on the 1007 declaration --

10 MR. MASUMOTO: Right.

11 MR. SIMPSON: -- Page 25.

12 MR. MASUMOTO: All right. Okay. Is that the Melrose  
13 Apartments with the underlying F?

14 MR. SIMPSON: Yes.

15 MR. MASUMOTO: The bottom-line entity is 3200?

16 MR. SIMPSON: Yes.

17 MR. MASUMOTO: Okay. Go ahead.

18 MR. SIMPSON: So structurally, the way that Arch was  
19 built is in its original corporate governance, it had a checks  
20 and balances system, and Exhibit C of the Arch Real Estate  
21 Holdings Agreement, which is an operating company, it's not a  
22 real estate owned company, it only operates property, right?  
23 It has an ownership structure. And this illustrates that with  
24 one exception. And I'm -- just to share with you so you -- to  
25 answer your question.





1                   So under the construct of where it says in -- not the  
2 middle, but the second one from the left, it says Arch Real  
3 Estate Holdings LLC, right? So that says non-member manager.  
4 It says zero percent. So the way you categorize the situation,  
5 it would fall into that bucket, where JJ Arch and 35 Oak, or in  
6 this case, 608941 NJ, right, are the parties that are part of a  
7 non-member manager, which was often the case, how we structured  
8 just about everything, not everything, but more closely to  
9 everything. Okay?

10                   On the right side of that is the 608941 NJ member,  
11 where they invested money as part of this GP. It doesn't mean  
12 that any -- all monies were here, but this is sort of the --  
13 the governance and the guiding force of the managing member of  
14 the entity, 3200 Haverhill GP LLC.

15                   And then you'll see two other entities on the left  
16 and the right side, okay, flanking left and the right side. So  
17 all the way on the left, it says JJ Haverhill LLC member. So  
18 JJ Haverhill LLC consists of monies invested by personal  
19 members of JJ Arch, like Jared Chassen and Jeffrey Simpson.  
20 And it also afforded the ability for others that were key  
21 employees, employees that had very specific agreements with the  
22 allocation ability to do it, and their direct family members to  
23 invest under these entities.

24                   So JJ Haverhill LLC, I don't have the breakdown in  
25 front of me, has funds that are inserted by me and others in



1 every one of these real estate deals. And JJ Haverhill LLC is  
2 what I was describing as, if you look at the corporate  
3 governance of Arch Real Estate Holdings, and you would see that  
4 the way it's set up is that every one of the what I call  
5 Exhibit D property owners, which 3200 N Haverhill GP LLC is an  
6 illustration of Exhibit D in the Arch Real Estate Holdings  
7 operative structure, okay, which is duplicative over and over  
8 again.

9 And if you looked at the corporate governance, you'll  
10 see it has an allocation for JJ Arch, or a JJ Arch designee to  
11 invest these monies as part of this GP. So this entity JJ  
12 Haverhill LLC, which is listed on the schedules that we just  
13 were on, is part of that. So that's where we listed it as an  
14 indirect rather than direct.

15 MR. MASUMOTO: So what would you claim that the  
16 debtors percentage interest in the underlying property is?

17 MR. SIMPSON: That's very difficult to figure out on  
18 the phone call. Do you see the -- if you look at these org  
19 charts, the complexity, it would be very difficult for me to  
20 tell you. I mean, it's not all -- it's -- they are minority  
21 interests. That's without question.

22 However, they're not minority interests that relates  
23 to control, right, the way it was set up. And if you would  
24 look at any one of these documents, as you will see that in  
25 order for, let's say, the managing member to do big things, or



1 do things with themselves, they have to get consent from the  
2 other side.

3 So that's the checks and balances that was built into  
4 the system because both sides put in equity, cash equity,  
5 besides third party investors, because there's certain deals  
6 that have third party investors of cash that are large, and  
7 some have it as small.

8 But in every situation, it's consistently built the  
9 same way, where you have this checks and balances, where  
10 there's -- if you look at the original Arch agreement  
11 (indiscernible) three, you know, three players at the party,  
12 the fourth member, which you'll see consistently is the one on  
13 the right side, which is Arch Property Holdings I, LLC, member,  
14 which also, by the way, has JJ Arch as its managing member.

15 And that's, you know, that was a little bit more  
16 difficult to describe, because it's for what we call promote  
17 shares for profits, interests, right. And that's the profits  
18 and interest vehicle that was amended later in life from when  
19 we originally started the company.

20 But if you're looking at investment dollars in  
21 patrols, if you'd review any one of the agreements, like 3200  
22 North Haverhill GP LLC, it will enumerate the members, and it  
23 will say that the people that are able to make decisions with  
24 the rest of the money would be JJ Haverhill LLC, and Arch Real  
25 Estate Holdings LLC, as its non-member manager, in this case,



1 now being run by 608941. And then it would also be 608941 as  
2 its other 50 percent interest of the GP.

3 MR. MASUMOTO: Okay. So let me ask, that Page 25, in  
4 that set up, is it your explanation that they -- that structure  
5 is sort of represented in the Paragraph 55.1 through 55.3? Is  
6 that the setup that for those three different --

7 MR. SIMPSON: No, no, no, no. No, that's not -- if  
8 you're -- no, no, no, no. This is everything after that.

9 MR. MASUMOTO: Okay.

10 MR. SIMPSON: So, no.

11 MR. MASUMOTO: So everything --

12 MR. SIMPSON: 5.1 through 5.3 are very, very simple.  
13 And those typically consist of, you know, it was an investment  
14 by Chassen and Simpson, and usually nobody else, or maybe a  
15 family member of his. And that's it. This is everything we're  
16 including the whole kicker bootlegged team on this call, right,  
17 all the AREH -- you know, allegedly AREH people that are  
18 affiliated with Oaks, right, all those people are interested in  
19 -- in everything below the 55.3, I would say 55.4 downward.  
20 And that's the schedule that was used for what I call the AREH  
21 properties. And if you look at the original AREH agreement,  
22 which I doubt you have in front of you, it follows suit toward  
23 a corporate structure in which we created.

24 MR. MASUMOTO: Okay. All right. I guess I'll have  
25 to suffice for now. If I may direct your attention to to ECF



1 Document Number 32, which is the statement of financial  
2 affairs. Do you have a copy before you?

3 MR. PASTERNAK: It's at the end of the document, I'd  
4 say, called schedules.

5 MR. SIMPSON: Yeah, yeah, I'm just looking for it.  
6 Right -- sorry, guys. Just give me -- can you please repeat  
7 the form name again, which form we're talking about?

8 MR. MASUMOTO: Yeah. It's the statement of financial  
9 affairs. It would be -- it was filed as ECF Document Number  
10 32.

11 MR. SIMPSON: Hold on a second. I'm just trying to  
12 make sure I get to the right place.

13 Jonathan, are you able to help me with -- it -- it's  
14 part of the larger --

15 MR. PASTERNAK: (Indiscernible).

16 MR. SIMPSON: -- file, right? Yeah, well, there's  
17 several of them, but the one --

18 MR. PASTERNAK: No, no, no, no.

19 MR. SIMPSON: -- that --

20 MR. PASTERNAK: The last one I sent you, the very  
21 last --

22 MR. SIMPSON: Right.

23 MR. PASTERNAK: -- email I sent you, and it should  
24 say rate --

25 MR. SIMPSON: Yep.



1 MR. PASTERNAK: -- schedules. I'll pull it up with  
2 you. Now, if you --

3 MR. MASUMOTO: Okay. Let me --

4 MR. PASTERNAK: Sure, I'll try and get you to the  
5 page. Give us a moment here. Go to page --

6 MR. MASUMOTO: I believe it's Page 13 of 32.

7 MR. PASTERNAK: (Indiscernible) only the schedules.  
8 Yeah, these -- I only sent him the schedules. I have to --

9 MR. MASUMOTO: Okay. Well, Mr. Simpson, maybe if I  
10 can sort of describe -- my question is, hopefully it's not that  
11 complicated.

12 MR. SIMPSON: Go ahead.

13 MR. MASUMOTO: In your statement of financial  
14 affairs, there's a section Part 13, which asks for details  
15 about the debtor's business or connections to any businesses.  
16 It begins with Paragraph 25, and you have 25.1 through several  
17 pages, I think it goes to, I think, 25.80 or something like  
18 that.

19 But in these lists, the nature of the business is  
20 described as sort of, there are two descriptions. The first  
21 section, I think the first, approximately nine, are listed as  
22 investment entities. The first being Arch 11 Green Street MM  
23 LLC. Second was Arch 701 South Juniper MM LLC. These are  
24 listed as investment entities. And then just again, further  
25 down beginning at 25.10, the description of the businesses are



1 listed as Arch Real Estate Holdings LLC, as real estate, and  
2 then Arch Builders LLC, real estate. So there's a distinction  
3 among the listings between an investment entity and a real  
4 estate entity. And I was wondering if you could sort of  
5 describe the differences between these --

6 MR. SIMPSON: Yes.

7 MR. MASUMOTO: -- these entities.

8 MR. SIMPSON: Yes, I can. If I could point you to --  
9 I think this is going to be the easiest way. If I could point  
10 you to the 1007 --

11 MR. MASUMOTO: Right.

12 MR. SIMPSON: -- and if you would go to Page 75,  
13 okay, there's a real clear line in the sand that will help  
14 illustrate this.

15 MR. MASUMOTO: All right. I'm looking at --

16 MR. SIMPSON: So in that -- in the nomenclature that  
17 we -- okay. Yes, the nomenclature we use is we call  
18 OpCo/PropCo, right, similar to a hotel or nursing home. So  
19 operating company versus property company. So if you look at  
20 1007 and Page 75, which is Arch Real Estate Holdings,  
21 everything that's involved in Arch Real Estate Holdings --

22 MR. MASUMOTO: I'm sorry, Mr. --

23 MR. SIMPSON: -- would be --

24 MR. MASUMOTO: I'm sorry. Mr. Simpson, I'm looking  
25 at Page 75 of 165. Is that what you're asking me to look at in



1 the 1007?

2 MR. SIMPSON: Yes, it is. Correct.

3 MR. MASUMOTO: Okay. Okay.

4 MR. SIMPSON: Correct. Absolutely. Yes. So where  
5 it says here, Limited Liability Operating Agreement of Arch  
6 Real Estate Holdings.

7 MR. MASUMOTO: Right.

8 MR. SIMPSON: Right. So this is the operating  
9 company. Arch Real Estate Holdings has ownership of Arch  
10 Builders, of all of the affiliated operating companies, which  
11 your distinction or our distinction the way we described it,  
12 right, is -- is not an investment entity because they're not  
13 investment entities, right? They didn't invest in anything.  
14 They were operating companies, right?

15 MR. MASUMOTO: Right.

16 MR. SIMPSON: And that's the whole -- the dispute  
17 over control lives in this bucket. And if you go to, let me  
18 just keep rolling through, this is the whole Arch agreement.  
19 And now if we get to page, bear with me one moment. Okay. So  
20 after the signature pages, if you go to Page 114 of 165.

21 MR. MASUMOTO: All right.

22 MR. SIMPSON: And you see on 114 of 165, where it  
23 says Eligible Asset Structure.

24 MR. MASUMOTO: All right.

25 MR. SIMPSON: Do you see that?





1 MR. MASUMOTO: Yes.

2 MR. SIMPSON: Okay. So if you look at the left side  
3 of that org chart, this is the org chart attached to the Arch  
4 Real Estate Holdings Agreement. If you look at the org chart  
5 on the left, it says JJ Arch 608941 as Arch Real Estate  
6 Holdings, the GP. So that is the operating entity, where it's  
7 highly disputed controls, right? This is -- this probably  
8 familiar to you, because this looks a lot like what we looked  
9 at for the Melrose property, not that long ago, a few minutes  
10 ago, right?

11 MR. MASUMOTO: Right.

12 MR. SIMPSON: Same construct here. So essentially,  
13 this is the corporate governance. So you'll see here what it  
14 says, in the middle, JJ Arch LLC, or entity controlled by JJ  
15 Arch LLC. And on the right is Wiener 2, which the other  
16 nomenclature is going to be 608941, because they never used  
17 anything other than 608941.

18 So now if you continue to Exhibit D, okay, it is all  
19 the corporate governance. This is duplicative. This is the  
20 only operating company for the overall business that exists.  
21 Under Exhibit D, it says form of GP Operating Agreement, right?

22 MR. MASUMOTO: Right.

23 MR. SIMPSON: If you just continue to the first page,  
24 and I won't bore you more details. If you read in the first  
25 page in the preamble, it describes, this is an agreement, this



1 is Arch Blank MM LLC. So when you ask me about Juniper, or you  
2 ask who owned these entities, right? It's familiar, right?  
3 This is Arch Blank MM LLC. This is the form investment entity  
4 structure that we use on every deal. Every -- I wouldn't say  
5 every, most, majority.

6 And if you would look at the way the words are in the  
7 preamble, it says there between Arch Real Estate Holdings, it  
8 says Wiener Entity, and then it says the JJ entity, right? And  
9 together it is -- its business successors are assigned JJ.

10 So this describes the investment entity, which is the  
11 Arch Blank MM LLC. So all those entities that you asked me  
12 about, they're all duplicative, more or less, with this form  
13 document, which is part of our corporate governance, which is  
14 further articulated, I don't waste everyone's time, in Arch  
15 Real Estate Holdings above, it describes how investment  
16 entities or eligible assets are dealt with. And those are all  
17 considered to be affiliates of one another across the board.

18 MR. MASUMOTO: Okay. All right. Thank you for that  
19 explanation. Now, currently, the debtor -- is the debtor  
20 receiving any income from any source at this point? From any  
21 of the entities --

22 MR. SIMPSON: JJ Arch --

23 MR. MASUMOTO: -- that are listed?

24 MR. SIMPSON: So anything AREH related, it has  
25 received zero on anything that I'm aware of whatsoever. On the



1 JJ Arch LLC side, there have been very limited payments that  
2 have been scheduled and put into the reports where money has  
3 been received, but it's extremely limited money of any kind.  
4 And that's all been reported, you know, maybe there's been four  
5 payments of tiny amounts that are sort of legacy money that  
6 came from something from, you know, months ago, or something of  
7 that nature.

8 MR. MASUMOTO: All right. I believe that the debtor  
9 filed its operating report for the month of March, I guess the  
10 partial month of March. Is that correct?

11 MR. SIMPSON: Yes. And I believe April -- Jonathan,  
12 I don't know if you've sent it yet, but April was just -- with  
13 the change of counsel, and we thought April was done, it was  
14 basically done, it just -- I guess it never got sent. So April  
15 was completed. And I think Jonathan either did send it or was  
16 about to send it. And we can share that with you, but it's  
17 not --

18 MR. PASTERNAK: Yeah, we filed that.

19 MR. MASUMOTO: Okay.

20 MR. SIMPSON: It's not very notable. It's not very  
21 much money to speak of.

22 MR. MASUMOTO: So again, I'm trying to determine, in  
23 the April report that -- I'm sorry, the March report that was  
24 filed, it listed cash receipts of \$3,557.83. Do you recall  
25 that?



1 MR. SIMPSON: I do.

2 MR. MASUMOTO: Okay. What was the source of that  
3 cash receipt?

4 MR. SIMPSON: There was a vehicle that was being used  
5 by me as a -- as allowed to be used on the JJ Arch. And the  
6 vehicle was disposed of. And it was titled under JJ Arch. So  
7 we disclosed that.

8 MR. MASUMOTO: So the full amount of the 3,500 and et  
9 cetera is solely from the sale of the vehicle. Is that  
10 correct?

11 MR. SIMPSON: Yeah, the vehicle, but it -- it was  
12 like a \$40,000 sale, but the net proceeds after the debt was  
13 like that amount of money \$3,000-whatever.

14 MR. MASUMOTO: Okay. So --

15 MR. SIMPSON: Yep.

16 MR. MASUMOTO: -- were there --

17 MR. SIMPSON: (Indiscernible.)

18 MR. MASUMOTO: -- did you receive -- was it --

19 MR. SIMPSON: It was going under JJ Arch explicitly.

20 MR. MASUMOTO: Okay. Did you report any income from  
21 any other source, from any of the other indirect entities that  
22 you've listed on the schedules and statement of financial  
23 affairs? Were there any amounts listed?

24 MR. SIMPSON: We don't -- there aren't any other  
25 that --



1 MR. MASUMOTO: Okay.

2 MR. SIMPSON: -- that I'm aware of. There aren't any  
3 others.

4 MR. MASUMOTO: So --

5 MR. SIMPSON: There was -- there's a -- there's one  
6 that's going to be either in April or May, where there was a --  
7 there was funds that were available from a sale of a property  
8 that was JJ Arch affiliated, not AREH, but Chassen and there's  
9 another 50 percent member that's not, you know, on this call,  
10 that was sold like a year ago. And given the back and forth  
11 with JP Morgan and First Republic, there was money that was  
12 stuck for many months. And I believe -- I wasn't even aware if  
13 they've released the funds to the 50 percent partner who fell  
14 off many, many times. But First Republic, AKA JP Morgan, and  
15 then the funds were released as well, on my side. But there  
16 have been more than suitable bills that I've had to pay for the  
17 various JJ entities to offset those monies, and I think it's  
18 like \$10,000. And if it's not on a schedule, it probably is on  
19 the April schedule, or I don't know if it happened in April or  
20 May. But that's the only thing that I'm aware of where JJ Arch  
21 received any funds.

22 MR. MASUMOTO: So with respect to the April report,  
23 which is about to be filed, what is the amount of income that  
24 you've reported on that monthly operating report?

25 MR. SIMPSON: Jon, we can probably open it up. I



1 don't have it. (Indiscernible) hold up. Maybe this is right  
2 here. One second, hold on.

3 MR. MASUMOTO: Okay. Well, while your counsel is  
4 looking up the amount, can you tell me the source of any of  
5 that income? Do you know which entity it came from or is  
6 attributable to?

7 MR. SIMPSON: Well, yes. Yes, as I -- as I  
8 mentioned, so there was an entity called ADH Swinks (phonetic).  
9 And it was a property that was owned 50 percent by JJ Arch in  
10 membership shares, and then 50 percent by a third party. And  
11 that was pulled probably a year ago.

12 And then there was residual funds that were kept on  
13 account to cover costs that would -- could happen, you know, as  
14 you know, unwinding costs, taxes, et cetera. And the partner  
15 had asked to dispose of the funds and leave, you know, a couple  
16 dollars to pay for taxes. And we made that request well,  
17 before the filing of this -- of the bankruptcy petition. It  
18 took a couple months for the bank to release the funds after  
19 the partner followed up many times.

20 MR. MASUMOTO: Okay. So --

21 MR. SIMPSON: But it should be pursuant to our  
22 agreement.

23 MR. MASUMOTO: So counsel, do you have any idea what  
24 the total receipt was for April?

25 MR. PASTERNAK: Jeff, you should have the report in



1 front of you. You just didn't see it --

2 MR. SIMPSON: Yep, I'm -- yep, looking right now.

3 I'm looking right now. Hold on. One second, I have it here  
4 now. Yeah, it's as I expected it. It talks about ADH Swinks  
5 LLC. It says \$10,750.

6 MR. MASUMOTO: So the income in April that you'll be  
7 reporting is approximately 10,000. Is that correct?

8 MR. SIMPSON: Yes.

9 MR. MASUMOTO: Okay.

10 MR. SIMPSON: Mm-hmm.

11 MR. MASUMOTO: As to -- what about your May report?  
12 When do you anticipate being able to complete your May report?

13 MR. SIMPSON: I don't think it's going to take long.  
14 I mean, Jonathan is just ramping up. He -- as he said, he  
15 started to go and he's, you know, putting out fires to help get  
16 engaged, but he's helping me and we're cleaning up this April  
17 one, which I thought was released, but it wasn't released to  
18 prior counsel. So that's going out today. And there's so few  
19 updates because there's no income really coming in --

20 MR. MASUMOTO: So --

21 MR. SIMPSON: -- that it won't take long to do May  
22 (indiscernible).

23 MR. MASUMOTO: With respect to the May report, do --  
24 what is your anticipated income?

25 MR. SIMPSON: I don't know of any.



1 MR. MASUMOTO: I'm sorry. You don't know of any  
2 income that's likely to be reported in the May --

3 MR. SIMPSON: As in zero.

4 MR. MASUMOTO: Okay.

5 MR. SIMPSON: As in zero.

6 MR. MASUMOTO: All right.

7 MR. SIMPSON: As in zero. I mean, there is --  
8 there's really no -- there's no sources of revenue at this  
9 point for anywhere in JJ Arch. The two amounts that came in  
10 those two months are residual funds that came from, you know,  
11 historical months ago. Like, there's no transactions that are  
12 occurring that are bringing positive cash flow into JJ Arch in  
13 its current time.

14 MR. MASUMOTO: All right. And your testimony today  
15 is that going forward, at this point, you don't anticipate any  
16 other source of income coming in to JJ Arch from non-AREH  
17 sources. Is that your testimony?

18 MR. SIMPSON: I --- it's -- given the way this has  
19 been set up and the way that all the parties on this phone call  
20 have made it, it's impossible to bring any money in.

21 MR. MASUMOTO: Okay.

22 MR. SIMPSON: The answer is no. There's no money  
23 coming in because everyone's short on limitations on  
24 everything.

25 MR. MASUMOTO: Okay.





1 MR. SIMPSON: So no, I don't have any money coming  
2 in.

3 MR. MASUMOTO: Okay. And with respect to AREH, you  
4 don't anticipate any funds being upstream from AREH going  
5 forward at this time. Is that correct?

6 MR. SIMPSON: You can -- you could ask the folks at  
7 Oak or AREH if they're ever going to pay the bills they're  
8 supposed to, but highly unlikely, is my guess.

9 MR. MASUMOTO: Okay.

10 MR. SIMPSON: (Indiscernible.)

11 MR. MASUMOTO: Again, this is you know, it's whatever  
12 your understanding is. So from -- my question is, okay, if  
13 you're proposing a plan, a plan of reorganization, what would  
14 be the source of your funding of the plan?

15 MR. SIMPSON: Jonathan, do you want to try to talk to  
16 this?

17 MR. PASTERNAK: I'm sorry, Brian, can you repeat the  
18 question?

19 MR. MASUMOTO: Yes. In any plan that you submit or  
20 file with the Court for reorganization, what's the source of  
21 the plan funding? How do you -- how does the debtor --

22 MR. PASTERNAK: That has --

23 MR. MASUMOTO: -- intend to fund a plan of  
24 reorganization?

25 MR. PASTERNAK: Brian, I'm too new into this case,



1 and that is to be determined. So I don't have an answer for  
2 you today.

3 MR. MASUMOTO: Okay. All right. At this time, I'd  
4 like to open it up to questions from the creditors and other  
5 parties in interest. Once again, I would ask that the parties  
6 limit their questions to sort of the general questions  
7 regarding reorganization and to try to avoid questions that are  
8 -- that might be characterized as discovery-type questions, you  
9 know, that for disputes that remain outstanding in the  
10 bankruptcy case.

11 All right. So please identify yourself for the  
12 record before you ask your question. Are there any questions?

13 MR. SOUTHARD: Yes, Brian. This is Sean Southard on  
14 behalf of Jared Chassen.

15 MR. MASUMOTO: Okay. Go ahead.

16 MR. SOUTHARD: I do have some questions.

17 So Mr. Simpson, we spent some time in the prior  
18 discussions this afternoon talking about the two different  
19 buckets of interest by JJ Arch, those that are related to AREH  
20 and those that are not. What I'd like to do is focus on those  
21 that are not related to AREH, which I believe your first day  
22 affidavit defined as the non-portfolio project assets. Do you  
23 understand to what I'm referring to?

24 MR. SIMPSON: I do.

25 MR. SOUTHARD: Great. So before the bankruptcy was



1 filed, is it your understanding that the debtor was in  
2 operational control over each of the subsidiary or affiliate  
3 entities that own those non-portfolio project assets or the  
4 non-AREH assets?

5 MR. SIMPSON: With certainty, is to be clear by the  
6 state court, that I was the only managing member that existed,  
7 who was in control of those assets contrary to your client's  
8 allegations and taking of money. It's been brought up in court  
9 countless times. And each time --

10 MR. SOUTHARD: Yeah. Let me cut you off for a  
11 second.

12 MR. SIMPSON: The answer is I was --

13 MR. SOUTHARD: Just clarify.

14 MR. SIMPSON: -- in control and I am in control.  
15 Other than --

16 MR. SOUTHARD: Yeah. Let me --

17 MR. SIMPSON: -- I'm in control. Yes. That's the  
18 answer.

19 MR. SOUTHARD: Let me --

20 MR. SIMPSON: Yes. I'm in control.

21 MR. SOUTHARD: I actually wasn't pointing --

22 MR. SIMPSON: (Indiscernible.)

23 MR. SOUTHARD: I actually wasn't pointing the  
24 question to you personally, but I appreciate your advising us  
25 of that. I was referring to the debtor as JJ Arch.



1 MR. SIMPSON: Well, there's only two members of JJ  
2 Arch. There's only two members of JJ Arch. Right? Who else  
3 -- who else is there?

4 MR. SOUTHARD: Okay.

5 MR. SIMPSON: Who are the members?

6 MR. SOUTHARD: All of them.

7 MR. SIMPSON: Is Oak a member? Is Oak a member? Who  
8 else is a member of JJ Arch?

9 MR. SOUTHARD: Mr. Simpson --

10 MR. SIMPSON: (Indiscernible.)

11 MR. SOUTHARD: -- perhaps you don't under -- perhaps  
12 you don't understand the protocol here --

13 MR. SIMPSON: Okay. Jonathan --

14 MR. SOUTHARD: -- but I'm not here to answer your  
15 questions.

16 MR. SIMPSON: Jonathan, maybe you can help me.  
17 Jonathan, why don't you ask Mr. Southard here what his question  
18 is? Because he wasn't being --

19 MR PASTERNAK: Jeff, Jeff --

20 MR. SIMPSON: He's --

21 MR. PASTERNAK: Jeff, please stop.

22 MR. SIMPSON: PG.

23 MR. PASTERNAK: Jeff, please.

24 MR. SIMPSON: I'd like to know what his question is.

25 MR. SOUTHARD: I'd be happy to --



1 MR. MASUMOTO: All right. Stop walking over people.

2 MR. SOUTHARD: -- question.

3 MR. MASUMOTO: Everybody ,one at a time. I think he  
4 answered the question already. Yes. But if you want to ask it  
5 again, Sean, go ahead.

6 MR. SOUTHARD: Thank you.

7 MR. MASUMOTO: (Indiscernible.)

8 MR. SOUTHARD: I'll just move through it as best I  
9 can. And we'll, you know, deal with it as we need to  
10 hereafter. But there's one other entity that I wanted to focus  
11 you on, and that is 1640 Motors LLC, which does business as R-  
12 E-V-E-R Motors or Rever Motors. Is that an entity owned by JJ  
13 Arch?

14 MR. SIMPSON: It is an entity that is within the JJ  
15 Arch construct. Correct. There's an operating company that is  
16 within the -- it -- it's -- so -- for lack of clarity, as far  
17 as organizational documents, because I didn't lose access,  
18 contrary to what -- what the folks from Olshan, who would know  
19 nothing about anything, have said that I have access to  
20 everything. I've accessed to nothing. I've lost all access to  
21 email, all access to everything I've ever had with the company  
22 I built. So I don't have all access to all files.

23 But if there is lack of clarity, and even when  
24 Mr. Chassen posted stuff on the docket, he already  
25 (indiscernible) clarity on the 1640 Motors LLC has always



1 operated under JJ Arch. It definitely has affiliation to JJ  
2 Arch. As far as having sort of a direct operating agreement  
3 for that, I have -- I do not have such a document. I know the  
4 intentions of it. But that's as far as I can go with it. I  
5 don't have a document to support it.

6 MR. SOUTHARD: Okay.

7 MR. SIMPSON: And if we can --

8 MR. SOUTHARD: What sort of business --

9 MR. SIMPSON: -- (indiscernible).

10 MR. SOUTHARD: What sort of business does that entity  
11 conduct?

12 MR. SIMPSON: It buys and sells cars and repairs  
13 cars. And that's what it does. Yeah. It's coupled with a  
14 property called 1640 Montauk Highway, which is, again, an  
15 OpCo/PropCo structure. 1640 Montauk LLC is the owner of the  
16 property. 1640 Motors LLC is the operating company, which is  
17 essentially a tenant that's, you know, it's a related party  
18 tenant, which the lender is aware of, and it was disclosed to  
19 lenders and as we're speaking here, was disclosed at the very  
20 beginning on how that works.

21 MR. SOUTHARD: And before the bankruptcy, did JJ Arch  
22 have control over Rever Motors and its receipts and  
23 disbursements?

24 MR. SIMPSON: Yes.

25 MR. SOUTHARD: And since the bankruptcy, does JJ Arch



1 continue to have control over the receipts and disbursements of  
2 Rever Motors?

3 MR. SIMPSON: Yes, it -- it's still catching up.  
4 It's still catching up because there are a lot of missing  
5 records that were part of my organization that I got pushed  
6 from, which -- so the answer is I don't have everything and  
7 we're still trying to reconcile. But I don't have an accurate  
8 report today of the latest and greatest. It is in process.  
9 And it is - it is being evolved and cleaned up and brought up  
10 to date. But I don't have the latest and greatest accounting  
11 of it.

12 At this point, I have people working on it, but I  
13 don't have it in its final form where I can say to you, hey,  
14 here's -- here is the latest and greatest as of March 2024. I  
15 don't have that yet. We are still filling a lot of gaps and I  
16 have resources that are helping me to come to conclusion on  
17 those numbers.

18 MR. SOUTHARD: But you, you, Jeffrey Simpson, are  
19 personally making decisions concerning Rever Motors at this  
20 point on behalf of the debtor?

21 MR. SIMPSON: Well, let's see. Well, let's see. JJ  
22 Arch, which is responsible for all these entities, and JJ Arch,  
23 who only has one person who has been in full control since 2021  
24 pursuant to the amendment, if we were to go over it, read that  
25 today now if you want to, yes, it ultimately has -- a human has



1 to be the one on behalf of the entity, JJ Arch, and then on  
2 behalf of the sub, or the sub or the entity that's owned at the  
3 real estate level, but then has membership interest up above.

4 MR. SOUTHARD: Thank you.

5 MR. SIMPSON: (Indiscernible.)

6 MR. SOUTHARD: And does Rever Motors have its own  
7 bank account?

8 MR. SIMPSON: Absolutely.

9 MR. SOUTHARD: And where is that bank account held?  
10 Which banking institution?

11 MR. SIMPSON: Citizens Bank. Citizens Bank. It was  
12 originally with -- with First Republic. And then it was with  
13 Citizens Bank thereafter.

14 MR. SOUTHARD: And at the time of the bankruptcy  
15 filing, did that bank account have any cash or funds on  
16 deposit?

17 MR. SIMPSON: It has money in and out every day, like  
18 any operating business. So it rarely has anything surplus. It  
19 covers payroll at best, and it's struggling to meet its -- met  
20 its obligations, because it needs to outside capital, because  
21 it's a new business. So it doesn't have a plethora of cash  
22 that is available.

23 MR. SOUTHARD: Thank you. And you referred to the  
24 record keeping as as being challenging. That's my paraphrase.  
25 Can you describe how those records are being kept presently?





1 Are they electronic? Are they --

2 MR. SIMPSON: QuickBooks.

3 MR. SOUTHARD: -- written?

4 MR. SIMPSON: QuickBooks.

5 MR. SOUTHARD: QuickBooks? Thank you.

6 MR. SIMPSON: It's QuickBooks. It's QuickBooks, but  
7 it requires -- given that it has a lot of entries, it's an  
8 operating business. It requires a lot of bookkeeping work that  
9 has been sporadic in how it's been dealt with and having sort  
10 of the litigation out over a lot of this has been very  
11 difficult to have staffed and have resources to help organize  
12 all these things that support it. Everyone who knows me on  
13 this call, I'm not an accountant. I'm doing the best I can  
14 with people that have accounting background to try to bring it  
15 up to date. But it's not as if there's free cash flow that's  
16 flowing from that property to an individual's pocket. That's  
17 not how it works. That's not what happens.

18 MR. SOUTHARD: Okay. And focusing -- refocusing on  
19 the other non-portfolio project assets, the property-owning  
20 entity, so when I say that, your Paragraph 15 of your affidavit  
21 identified them as JJ NY 550 LLC, 225 HPR LLC, 1640 Montauk,  
22 which you just referenced, and 146 East 89 Borrower 1 LLC. Do  
23 each of those have separate bank accounts as well that you're  
24 in control of for the debtor?

25 MR. SIMPSON: Each of those have separate bank



1 accounts. Everything is separate. There's very little  
2 activity on any of them. They're all vacant at this point.  
3 Yeah, they're all vacant. So there is really no activity other  
4 than bills to pay when there's funds available to pay and  
5 there's really no funds available to pay. So that is -- so  
6 those bank statements say very little, because it's practically  
7 no activity.

8 MR. SOUTHARD: Understood. So with regard to Rever  
9 Motors, you mentioned there were daily inflows and outflows,  
10 but with regard to these property-owning entities, there's not  
11 that same level of activity and they're essentially dormant.  
12 Is that my understanding?

13 MR. SIMPSON: I mean, they're not fully dormant, but  
14 there's very few transactions. I mean, it's -- it may be an  
15 insurance payment or, you know, a tax payment, but it's very,  
16 very small. I mean, it's -- just -- there's only three of  
17 them. We can talk about. But 550 is a retail store that went  
18 out of business late last year. So there hasn't been any  
19 income coming in during that period of time. Right? So that's  
20 a small \$400,000, \$500,000, \$600,000 store that it is. It  
21 doesn't have any income, right. So and even when it did have  
22 income, its expenses were limited. It's a retail condo, right?

23 As far as 225 Head of Pond, the only income that has  
24 been there has been through what I call unauthorized Airbnb  
25 leasing, which has been conducted by Mr. Chassen after I've



1 asked him not to. It finally stopped more recently. But other  
2 than that, the only income it was generating was through this  
3 Airbnb regime that I felt was not within my hands. And I  
4 complained about it and told the Court about it. And it  
5 finally stopped after we've asked many times.

6 And then finally -- and finally, on 89th Street,  
7 that's a vacant building, right? It's not leased. It's -- it  
8 has work that's been done inside and there's nothing to do  
9 other than to either fix it and sell it. It's not going to get  
10 leased as it -- as is. It can't be. It's not safe to lease as  
11 is. And there's mortgage payments that are supposed to be made  
12 that, you know, there's no cash available. So it's all pretty  
13 much in the same position, very few income, very few expense.  
14 I mean, income pretty much none.

15 The 6040 business just has -- it has, you know, it --  
16 larger hopes, because it has income, but it also has quite a  
17 bit of expense that it has to deal with. So --

18 MR. SOUTHARD: Understood. So in terms of --

19 MR. SIMPSON: -- think of.

20 MR. SOUTHARD: Thank you. 225 Head of Pond, is that  
21 entity currently receiving any rental income?

22 MR. SIMPSON: Nope.

23 MR. SOUTHARD: Does it have any --

24 MR. SIMPSON: Nope.

25 MR. SOUTHARD: -- rental income --



1 MR. SIMPSON: (Indiscernible.)

2 MR. SOUTHARD: -- summer as yet?

3 MR. SIMPSON: No. Your client has a camera on it and  
4 make allegations and tried to hold it hostage. So no, I've not  
5 even been in his house or near that house in probably eight  
6 weeks after he made allegations that were improper. So unless  
7 there's police intervention, I can't even go to this house,  
8 which I'm happy to do. But no, I cannot even go to this house  
9 without having your client improperly, without control, saying  
10 that he has some responsibility to control this house that he  
11 doesn't have control over. So no, that's the answer to your  
12 question. It's vacant unless he's occupying it.

13 MR. SOUTHARD: Thank you for your answer. For the  
14 avoidance of doubt, and for the record, my client, Mr. Chassen,  
15 disagrees with your characterizations, but we'll set that  
16 aside --

17 MR. SIMPSON: It's okay.

18 MR. SOUTHARD: -- to --

19 MR. SIMPSON: That's all -- it's okay to disagree.  
20 The facts are the facts. I could go and take a picture of the  
21 camera for you if you'd like.

22 MR. SOUTHARD: I agree.

23 MR. SIMPSON: (Indiscernible.)

24 MR. SOUTHARD: The facts are indeed the facts.

25 MR. SIMPSON: The facts tell the truth.



1 MR. SOUTHARD: And that's --

2 MR. SIMPSON: Facts tell the truth.

3 MR. SOUTHARD: -- really what we're trying to get to.  
4 That's what we're really --

5 MR. SIMPSON: Yeah.

6 MR. SOUTHARD: -- trying to get to

7 MR. SIMPSON: Yeah. I'll tell you the truth on  
8 everything. Continue. What else?

9 MR. SOUTHARD: Excellent. Thank you. So since --  
10 referring to the -- both the property-owning entities that  
11 we've just been talking about and Rever Motors, since the  
12 filing of the bankruptcy, have you caused any funds or any  
13 value from any of those entities or their bank accounts to be  
14 transferred to you or for your benefit?

15 MR. SIMPSON: There have been funds that have  
16 reimbursed me for loans that I have made to several of the  
17 properties in small amounts. For example, I use the credit  
18 card because my credit card that we had for 1640 Motors got  
19 shut down. Credit has been destroyed given what's happened  
20 with this bankruptcy. So if a credit card was utilized by  
21 another entity that's controlled by me and only me for buying  
22 goods and materials, because we don't have any credit, and that  
23 got paid back, yes, that's about the extent of it.

24 There has been reimbursement in that level as small  
25 amounts of money, but that is it. And that's not net cash flow



1 or anything else. It's a loan that is, from this counsel's  
2 perspective, what I've been told, is absolutely allowed to be  
3 sort of repaid when it is done through the ordinary course of  
4 business. But that's the extent of it.

5 MR. SOUTHARD: The counsel -- thank you. The counsel  
6 to which you refer is counsel to the debtor or some other  
7 counsel representing you personally?

8 MR. SIMPSON: It's been debtor's counsel, who's  
9 represented the debtor.

10 MR. SOUTHARD: Okay.

11 MR. SIMPSON: And again, we could talk about all  
12 this. It -- I see your gamesmanship here, at the end of the  
13 day, JJ Arch had two people, two humans, right, that are the  
14 only two people. And the money, if it doesn't come from those  
15 entities, it has to come from people, right? That's where it  
16 has to come from. If it doesn't come from them personally, it  
17 comes from them corporately some other way. There's no other  
18 source of capital, right?

19 MR. SOUTHARD: For the record, and on behalf of my  
20 client, and I don't know whether others feel the same, but we  
21 would request reporting in detail be included concerning any  
22 amounts that have been taken by you personally in repayment of  
23 the loans that you referenced. Just for the record.

24 Mr. Simpson, what is --

25 MR. PASTERNAK: -- object --



1 MR. SOUTHARD: On behalf of counsel --

2 MR. PASTERNAK: I object to that.

3 MR. SOUTHARD: On behalf of counsel --

4 MR. PASTERNAK: The debtor objects to that. We'll  
5 talk about it offline, Sean. But those debtors --

6 MR. SOUTHARD: That's fine. I'm just making a  
7 record, John. I'm making a record.

8 MR. PASTERNAK: That's fine.

9 MR. SIMPSON: And by the way --

10 MR. SOUTHARD: What is --

11 MR. SIMPSON: -- by the way, just to be clear --  
12 just to be clear --

13 MR. SOUTHARD: Yes, Jeff?

14 MR. SIMPSON: -- JJ Arch, there's a member loan of  
15 Mr. Chassen. There's a very, very large amount of money that  
16 has no -- no plans to be paid back. So we should also talk  
17 about that when you have what (indiscernible).

18 MR. PASTERNAK: All right, Jeff. Thank you, Jeff.

19 MR. SOUTHARD: What is YJ SIMCO LLC, Mr. Simpson?

20 MR. SIMPSON: It is an entity that's controlled by me  
21 and my wife. It has nothing to do with this.

22 MR. SOUTHARD: I believe it isn't referenced in the  
23 schedules and statement of financial affairs as having  
24 involvement with certain of the pre-bankruptcy payments that  
25 were made to creditors. Do you recall that?



1 MR. SIMPSON: As I said, five minutes ago, that when  
2 there's no other money from any other place, it would come from  
3 another corporate entity of mine or me personally. Did I not  
4 say that?

5 MR. SOUTHARD: You may well have. I was referring to  
6 your statement --

7 MR. SIMPSON: I did.

8 MR. SOUTHARD: -- just a moment ago that it did not  
9 relate in any way to this bankruptcy/

10 MR. SIMPSON: It has no involvement. It's not  
11 related. It's not related. But when monies have to be paid,  
12 and there is no other way to make money be paid, unless humans  
13 (indiscernible) and write the check or someone else is there to  
14 write the check, it's got to come from some other entity.  
15 Therefore, when that other entity funds those monies, and they  
16 get booked as a loan, because the entity has no money, right?  
17 There's some other way to do that. Correct?

18 MR. SOUTHARD: I can't say for sure.

19 (Indiscernible.)

20 MR. SIMPSON: Well, no. Well, your client says  
21 (indiscernible) try to include --

22 MR. SOUTHARD: This is your testimony that --

23 MR. SIMPSON: No, no, no, no, your client  
24 (indiscernible) to include my family's LLC into litigation,  
25 which is not appropriate. And that's why I have to make the





1 statement I'm making. But continue. Go ahead.

2 MR. SOUTHARD: Thank you.

3 MR. SIMPSON: (Indiscernible) but you're doing fine.  
4 Go ahead. Keep going.

5 MR. SOUTHARD: I'm referring specifically to the  
6 statement of financial affairs and Page 8 of it, which is  
7 Docket Number 32, where it identifies payments that were made  
8 during the 90 days before the bankruptcy. And the first one --

9 MR. SIMPSON: Right.

10 MR. SOUTHARD: -- like, Number 3.1 refers to a  
11 \$38,000 payment to YJ SIMCO. And then there's a reference --

12 MR. SIMPSON: Yes. Yeah, that's a great one.

13 MR. SOUTHARD: -- indicating --

14 MR. SIMPSON: Your client --

15 MR. SOUTHARD: -- reimbursement --

16 MR. SIMPSON: -- your client stole the money.

17 MR. SOUTHARD: -- for various loans --

18 MR. SIMPSON: Your client stole the money --

19 MR. SOUTHARD: -- that YJ SIMCO --

20 MR. SIMPSON: -- and sent it -- sent the money to me.

21 Look where it comes from. Look at the source of the revenue.  
22 It's from your client who stole it. He stole it in a -- in an  
23 undisclosed bank account for revenue --

24 MR. SOUTHARD: Okay.

25 MR. SIMPSON: -- from JJ Arch.



1 MR. SOUTHARD: Okay.

2 MR. SIMPSON: It's a self-serving question. You want  
3 to be careful. I can't keep going without one. Your client  
4 stole --

5 MR. SOUTHARD: No --

6 MR. SIMPSON: -- \$38,000 from JJ Arch. He stole it  
7 in a bank account undisclosed, and then repaid it when he had  
8 no choice. But continue. Keep going. I'm showing it. Keep  
9 going.

10 MR. SOUTHARD: That's wonderful. Thank you.  
11 Moving --

12 MR. SIMPSON: By the way, what's the source of --  
13 what's the source of the 38,000?

14 MR. SOUTHARD: You --

15 MR. SIMPSON: Ethically (indiscernible), right?

16 MR. SOUTHARD: Mr. Simpson, you are here under oath  
17 testifying. I am not here --

18 MR. SIMPSON: I am here under oath. And I am being  
19 discovered for people that don't provide discovery, and avoid  
20 discovery at all costs. And Mr. Masumoto said that discovery  
21 wasn't going to be happening here. So this discovery is going  
22 to be two ways. But continue. Unless the trustee feels  
23 differently, or if Jonathan Pasternak, you feel differently.  
24 It is not appropriate to disclose --

25 MR. SOUTHARD: I'm happy to move --



1 MR. SIMPSON: -- it separately.

2 MR. SOUTHARD: I'm happy to move on. I'm happy to  
3 move on.

4 MR. SIMPSON: Well, you should. Well, you should.

5 MR. SOUTHARD: Mr. Simpson, isn't it true that  
6 several of the property-owning affiliates, entities that we've  
7 just been talking about, the non-AREH entities, are in default  
8 on their mortgage loans since the bankruptcy?

9 MR. SIMPSON: Absolutely. As I just said, if there's  
10 no revenue, how do they pay their bills?

11 MR. SOUTHARD: And was that the result of any error  
12 or mistake in your view, or just a matter of market forces?

13 MR. SIMPSON: No, it's -- it -- these properties are  
14 great. It's your client's fault. If you really want to know  
15 on the testimony, it's your client's fault. I would lease out  
16 or I would sell the Head of Pond's house, which I've oftentimes  
17 have asked over 20 different occasions. And he dares to  
18 threaten me to go to court when he has no right or authority to  
19 do so. We should have just done it anyway. Okay. And there's  
20 been countless emails about it. I would have sold the property  
21 to (indiscernible), and it would be cleared of the debt. But  
22 he feels that he has a tax issue. He doesn't want me to sell  
23 it. So that answers your self-serving question as it  
24 relates --

25 MR. SOUTHARD: So --



1 MR. SIMPSON: -- hold it. I want to -- no, no, no,  
2 no, I'm talking now. 550 Metropolitan, same story, right?  
3 I've offered to put it on market. I've asked him to cooperate,  
4 doesn't cooperate. He owns another apartment in the building  
5 under another LLC. He has access, which I don't have, which  
6 I've asked for countless times, including your managing  
7 partner, who -- your managing partner. They said his daughter  
8 used to work for us, and she asked him for that information,  
9 and he wouldn't give it to her. So no, he has not provided  
10 access to 550 Metropolitan so I could sell it, or I could lease  
11 it to provide any revenue to pay for the costs that are needed  
12 to make these mortgages true. But they're valuable properties.  
13 So look at your client when you ask these questions. Keep  
14 going.

15 MR. SOUTHARD: Thank you, Mr. Simpson. With regard  
16 to Great American Insurance, we understand from your sworn  
17 statements in the case that both the Griffin firm and Wiggin  
18 and Dana were to be retained by the debtor, but their legal  
19 fees and expenses were to be paid by Great American under the  
20 insurance policy. Is that correct?

21 MR. SIMPSON: There was a application that was  
22 pending under consideration that would have had a circumstance  
23 like you described. It did not actually happen. Right. They  
24 were proposed counsel, right? They have not debated the  
25 purported on the call. I think you were on this morning, and



1 that's sort of where it stands today.

2           There was discussion that Great American would cover  
3 costs as it relates to this, because they agree what's happened  
4 here is a mockery and a mess, other than your client tax and  
5 policy, too. So yes. So the answer is they have not debated.  
6 And Mr. Griffin gave a very clear answer this morning that we  
7 don't need to repeat on what exactly was paid. I agree with  
8 what he said. I do believe (indiscernible) could do it. But  
9 there's been no payments made to Wiggin and Dana whatsoever.  
10 Zero.

11           MR. SOUTHARD: Thank you. And do you know when the  
12 last payment was --

13           MR. PASTERNAK: Mr. Southard? Mr. Southard? It's  
14 been --

15           MR. SOUTHARD: Yes?

16           MR. PASTERNAK: -- 15 to 20 minutes. Are you  
17 wrapping it up, sir? We've got --

18           MR. SOUTHARD: I'm just just about there,  
19 Mr. Pasternak. Just about there.

20           MR. PASTERNAK: Thank you. Go ahead.

21           MR. SOUTHARD: That's about all I have for the  
22 moment. I'm reserving all rights for any continued 341 meeting  
23 beyond today. But that's all I have for the moment. Thank you  
24 for your time, Mr. Simpson.

25           MR. MASUMOTO: All right. This is --



1 MR. SIMPSON: I look forward to continuing this  
2 conversation with you, Mr. Southard. Thank you.

3 MR. SOUTHARD: Thank you.

4 MR. MASUMOTO: That's -- okay. This is Brian  
5 Masumoto for the Office of the United States Trustee.

6 Mr. Simpson, I did want to follow up I guess a  
7 question that Mr. Southard had. In the Griffin retention  
8 application that was filed with the Court in Paragraph 34 of --  
9 on Page 12, it indicated that you provided a payment to the  
10 Simpson firm of \$76,598. Is that correct?

11 MR. SIMPSON: I don't have that specific application  
12 in front of me. But it sound -- it does sound -- it -- I  
13 definitely made a payment to him in that order of magnitude.

14 MR. MASUMOTO: Okay.

15 MR. SIMPSON: And it was paid for by -- not by JJ  
16 Arch. It was paid for by I believe an entity of mine.

17 MR. MASUMOTO: I'm sorry. The statement also goes on  
18 to say upon information and belief, Great American agreed to  
19 reimburse Mr. Simpson for the receivable amount, the \$76,000.  
20 Did you in fact receive a reimbursement for the amount that you  
21 paid the Simpson firm?

22 MR. SIMPSON: Yes.

23 MR. MASUMOTO: Yes? I'm sorry. The answer is yes,  
24 you did receive reimbursement?

25 MR. SIMPSON: I did.



1 MR. MASUMOTO: Okay. All right. Thank you. All  
2 right. Are there any other questions from any other party in  
3 interest or interested party -- creditor?

4 MR. KOEVARY: Yeah, yeah. This is a Jonathan Koevary  
5 for AREH, if I may.

6 MR. MASUMOTO: Okay. Go ahead.

7 MR. KOEVARY: Okay. This is -- I just want to clear  
8 up something that's confusing to me. Mr. Nagi, you had  
9 retained him as counsel, correct?

10 MR. SIMPSON: First, individually, he was retained  
11 individually. He was not, his firm Offit Kurman was, Offit  
12 Kurman was.

13 MR. KOEVARY: Okay. Got it. Is he still your  
14 individual counsel, Offit Kurman?

15 MR. SIMPSON: He is not. He is not. Offit is not my  
16 individual counsel at this point.

17 MR. KOEVARY: Okay. Do you have individual counsel  
18 right now on this or no, or it's just Mr. Pasternak for the  
19 debtor?

20 MR. SIMPSON: At this moment in time, Mr. Pasternak  
21 is representing JJ Arch. And I am in the process of selecting  
22 new personal counsel. And that's where we're at.

23 MR. KOEVARY: Got it. Okay. All right.  
24 Historically, has the debtor maintained bank accounts for the  
25 AREH umbrella entities?



1 MR. SIMPSON: (Indiscernible.)

2 MR. PASTERNAK: (Indiscernible.) Could you be more  
3 specific? Thank you.

4 MR. KOEVARY: Sure. AREH entities have bank accounts  
5 at First Republic. Do you know what I'm referring to?

6 MR. SIMPSON: So I will share with you what I think  
7 you're trying to tell me, or you're trying to ask me. So first  
8 of all, First Republic was a relationship that was pretty  
9 robust of one that I had for my prior life in my prior firm,  
10 where I was key principal Okay. And we had probably 200 bank  
11 accounts with First Republic in our days at AREH, right, 80  
12 percent owned, and probably 100 percent owned or likely 100  
13 percent owned after the five-year anniversary, which has  
14 passed. So that's why I say he probably works for me.

15 But let's put that aside for a moment. First  
16 Republic was the exclusive bank that represented us. It's not  
17 easy to get a bank to do hundreds of bank accounts, with lots  
18 of different layers. If anyone here sees the org charts, lots  
19 and lots of separate bank accounts, so everything can be done  
20 properly.

21 We had an accounting team that was facilitated by  
22 individuals within the organization of Arch Real Estate  
23 Holdings. And they would process the payments for years this  
24 way without any issue.

25 And then in May, First Republic goes bust, and things





1 get ugly, right? Besides all the money issues that Arch has,  
2 thank you to your client, and lack of payments that were  
3 happening starting as early as March of 2023. So what do you  
4 want to know as relates to the banking relationship of First  
5 Republic?

6 MR. KOEVARY: So sometime around March or June of  
7 2023, did the debtor cause accounts to open elsewhere other  
8 than First Republic related to AREH?

9 MR. SIMPSON: So no. What happened, there's two  
10 other bank institutions that we were working with. One of them  
11 was ConnectOne Bank, which is here on the phone, which we  
12 believe there was going to be a greater relationship and  
13 diversity of banking is very important in any corporate  
14 structure, if anyone knows the corporate structures, right.  
15 And the fact that First Republic was going under was definitely  
16 something that was, like, a consideration. And arguably, when  
17 everyone had a freak out moment about First Republic, we moved  
18 a lot of bank accounts that we can. And Chassen did more of it  
19 than I did with our former controller to avoid the FDIC limits.

20 Okay. We had interviewed Wells Fargo and others, and  
21 our company was falling apart. So switching bank accounts was  
22 not really all that easy.

23 The team from First Republic, who all left, other  
24 than Christy Santoro, Mr. Chassen's friend who did what she did  
25 to me, that whole team left and went over to Citizens Bank.



1 And it was my goal and intention to open up all the bank  
2 accounts there, especially since the lawyer who represented  
3 First Republic did not understand Judge Cohen's orders,  
4 extensively did not understand them. She could not understand  
5 how clear it was that I had the only authority to move money  
6 and no one else did.

7 And for the reason Judge Cohen's very kind to this  
8 man who eventually got fired, Tyler Kandel (phonetic), who  
9 could not understand court rulings. So we had no choice other  
10 than to open up the bank accounts, which Chassen was aware of,  
11 others were aware of, at Citizens Bank. We got very little of  
12 them done before things got even worse with this overall  
13 company issue.

14 So there may be one or two other random bank accounts  
15 I'm not thinking of right now, but from a bank account  
16 perspective, those are the -- really the main organizational  
17 banks. And as it relates to ConnectOne Bank, right, there's  
18 been full disclosure way before this bankruptcy to, you know,  
19 we can call it AREH, but it's really Oak, your client Oak, they  
20 got everything that's there, they've seen it all. And as it  
21 relates to Citizens, I don't know if there's much of anything,  
22 and they were given access to that immediately as well. So I'm  
23 not really sure what you're asking me here. I feel like you're  
24 fishing for something.

25 MR. KOEVARY: Okay. I think I -- if you'll just



1 focus on answering the question, I'd appreciate it.

2 MR. SIMPSON: I answered the question.

3 MR. KOEVARY: Thank you. And does it sound correct  
4 that about June 2023, that roughly about \$670,000 was  
5 transferred in connection with Cambridge Acquisitions from the  
6 First Republic Bank account to ConnectOne?

7 MR. SIMPSON: I don't know -- in front of me, I don't  
8 have that. I don't have the exact amounts or any of that. I  
9 know we did establish a relationship with ConnectOne Bank. And  
10 we thought we were going to do more business with them. So we  
11 did put some deposits there with them.

12 MR. KOEVARY: Did you you say those deposits --

13 MR. SIMPSON: I don't have the date. I know the date  
14 -- I don't know the date of it, but we did open a bank account  
15 there with those monies that were on escrow that were used for  
16 nothing else other than Cambridge.

17 MR. KOEVARY: (Indiscernible) 670,000 is in the  
18 ballpark?

19 MR. SIMPSON: Yeah, yeah. Yeah. But where are you  
20 going with this?

21 MR. KOEVARY: I'm asking the question. Thank you.

22 MR. SIMPSON: Yeah, keep asking them. Because  
23 there's nothing here. Your clients just already beat the crap  
24 out of me over this court order --

25 MR. PASTERNAK: Jeff --



1 MR. SIMPSON: Go ahead. What else do you got?

2 MR. PASTERNAK: Let's (indiscernible) questions and  
3 get this meeting over with. It's already an hour and a half.

4 MR. SIMPSON: Go ahead. Go ahead. What's your  
5 question? What's his question?

6 MR. PASTERNAK: Go ahead.

7 MR. SIMPSON: What's your question of the 670?  
8 What's your question?

9 MR. KOEVARY: That was my question. I'm just asking  
10 a question. So I think your answer was that it sounds about  
11 roughly right.

12 MR. SIMPSON: \$670,000, approximately, I don't know  
13 the exact month, the exact amount, but approximately that  
14 amount of money was moved to ConnectOne Bank, as I just said  
15 prior to your last question, that was a bank institution that  
16 we were looking to do more business with. And we thought we  
17 could create a more robust relationship with because we  
18 couldn't continue simply with First Republic given what  
19 happened.

20 MR. KOEVARY: Okay. Does it sound right to you that  
21 in December '23, you return about \$400,000, \$402,000 from the  
22 ConnectOne account to the Cambridge Acquisitions First Republic  
23 account?

24 MR. SIMPSON: It sounds to me as a part of the effort  
25 of your client to force my hand, we pushed all the money --



1 MR. KOEVARY: It's a yes or no question.

2 MR. SIMPSON: -- into that account because we were  
3 still -- no, it's not a yes or no question.

4 MR. KOEVARY: I asked a yes or no question.

5 MR. SIMPSON: It's not a yes or no question. No.  
6 The answer is not a yes or no question. \$700,000 was used for  
7 Cambridge and only Cambridge. If that's what you're asking,  
8 that's the answer. So there's no other answer.

9 MR. KOEVARY: Okay.

10 MR. SIMPSON: I can take the money to my pocket. The  
11 money was used for Cambridge and only Cambridge. There's 100  
12 emails about this --

13 MR. KOEVARY: Okay.

14 MR. SIMPSON: -- and you've seen it. So let's do  
15 discovery, and we'll deal with it in discovery. Next question.

16 MR. KOEVARY: Okay. I asked my next question. Does  
17 it sound right to you that about 400,000 came back from  
18 ConnectOne to Cambridge Acquisition?

19 MR. SIMPSON: All 700,000 was used for Cambridge.  
20 All of it. Every penny of it.

21 MR. KOEVARY: How much?

22 MR. SIMPSON: All -- whatever the number was, 700-,  
23 600-. There's not a dollar left to me personally, not \$1 if  
24 that's what you're trying to get at. All the money went to  
25 Cambridge, every dollar, whatever was left in the account that



1 day, when your client was aggressive for no good reason, when I  
2 have 20 emails offering to pay the bill for that account,  
3 because they were not authorized, nor this is -- they've ever  
4 been authorized.

5 If you want to read the operating agreement, we can  
6 look at the operating agreement right now, right, they should  
7 have never had any -- if they can do anything, including right  
8 now, other than -- other improper court orders. Okay. So all  
9 the money was used for Cambridge, every dollar, every penny was  
10 used for Cambridge, whatever was left in the account the day  
11 that we agreed via court order to move the money from Account A  
12 to Account B, it was all done properly. So I'm not sure what  
13 you're asking here.

14 MR. KOEVARY: So that -- all right. So I'll ask it  
15 differently. I think you agree that 600- -- roughly  
16 \$670,000 --

17 MR. SIMPSON: Right.

18 MR. KOEVARY: -- went to Cambridge in June, right?  
19 On account of Cambridge was transferred in June to ConnectOne.  
20 And, right, I think you agree with me on that, correct?

21 MR. SIMPSON: We moved money from one bank into  
22 another, for the purpose of saying (indiscernible) yes.

23 MR. KOEVARY: Okay. And do you -- would you agree  
24 that you move \$400,000 back in December? Back to the First  
25 Republic?



1 MR. SIMPSON: Whatever the court order was, whatever  
2 the court order was, because these guys couldn't access the  
3 money and they were jerk offs about it, yes. Whatever the  
4 amount was, yes.

5 MR. KOEVARY: Okay.

6 MR. SIMPSON: I'm still not getting your point here.  
7 What do you want to know?

8 MR. KOEVARY: Okay. So --

9 MR. SIMPSON: -- need to know?

10 MR. KOEVARY: So it sounds to me that only \$400,000  
11 came back and there's a difference of about \$268,000. Can you  
12 explain that --

13 MR. SIMPSON: And where do you think that money is?

14 MR. KOEVARY: -- control over it? I don't know. I'd  
15 have to --

16 MR. SIMPSON: We paid bills at Cambridge. Of course,  
17 you know, your client has access. Paid bills at Cambridge.  
18 Cambridge bills, all Cambridge bills, all done to the bank.  
19 Get the bank statements.

20 MR. MASUMOTO: Excuse me. This is Brian.

21 MR. SIMPSON: (Indiscernible) personally --

22 MR. MASUMOTO: Mr. Simpson?

23 MR. SIMPSON: -- I didn't take one dollar.

24 MR. MASUMOTO: Mr. Simpson, one moment. This is  
25 Brian Masumoto from the U.S. Trustee's office. I think your



1 counsel has asked you and I'm asking you now, if you keep  
2 anticipating questions, or answers to questions, this will be  
3 very much extended. I believe a lot of the questions are  
4 intended to be yes or no questions. And whether or not you  
5 believe it should be amplified, I would recommend that you give  
6 the succinct yes or no answers.

7 If there are any follow up necessary, your counsel  
8 can do it for you. So let's not prolong this. As I indicated,  
9 I'm trying to give latitude to the parties.

10 MR. SIMPSON: My counsel doesn't know.

11 MR. MASUMOTO: Again --

12 MR. SIMPSON: I'm sorry, my counsel doesn't know. My  
13 counsel's new because of all the crap these people have done to  
14 me and my company. Okay?

15 MR. MASUMOTO: Okay.

16 MR. SIMPSON: So that's the problem here.

17 MR. MASUMOTO: I understand--

18 MR. SIMPSON: They attack everybody. They threaten  
19 everybody. And this was not supposed to be discovery. As you  
20 told the judge, as you said to start, this isn't a discovery  
21 discussion right now. It's a discovery discussion that's one-  
22 sided, or the other side who had stolen, has lied, cheated,  
23 hasn't said a word here. And I am under attack.

24 So I'm sorry, Mr. Pasternak, if you want to continue  
25 this, we can continue it. I don't think we should continue





1 this conversation at all.

2 MR. PASTERNAK: I'm sorry. You know, I --

3 MR. SIMPSON: (Indiscernible) in appropriate  
4 whatsoever.

5 (Simultaneous speaking)

6 MR. KOEVARY: Here's the deal. You filed bankruptcy.  
7 You already have one judge that's accused you of forum  
8 shopping. And this is the situation that you find yourself now  
9 in.

10 MR. MASUMOTO: Wait one moment.

11 MR. KOEVARY: (Indiscernible.)

12 MR. SIMPSON: Who's speaking? Who's speaking?

13 MR. KOEVARY: (Indiscernible.)

14 MR. SIMPSON: Who is speaking?

15 MR. MASUMOTO: Stop.

16 MR. SIMPSON: Who's speaking? Who's speaking?

17 MR. KOEVARY: This is Jonathan Koevary.

18 MR. SIMPSON: Who's speaking?

19 MR. KOEVARY: Jonathan Koevary --

20 MR. SIMPSON: Jonathan Koevary -- Jonathan Koevary --

21 MR. MASUMOTO: Look --

22 MR. SIMPSON: -- you work for me. Remember that.

23 MR. MASUMOTO: Stop.

24 MR. SIMPSON: (Indiscernible) here.

25 MR. MASUMOTO: This is Brian Masumoto.



1 MR. SIMPSON: (Indiscernible.)

2 MR. MASUMOTO: Please stop.

3 MR. SIMPSON: (Indiscernible.)

4 MR. MASUMOTO: Stop.

5 MR. SIMPSON: (Indiscernible.)

6 MR. MASUMOTO: Will the parties please stop? All

7 right.

8 MR. PASTERNAK: Yeah, everybody stop. We need some  
9 decorum. And we need to wrap this 341. It's been 93 minutes.

10 MR. SIMPSON: Yeah. I'm --

11 MR. PASTERNAK: (Indiscernible.)

12 MR. SIMPSON: I'm walking away from this in a minute,  
13 Jon. This is nothing but an --

14 MR. PASTERNAK: All right.

15 MR. SIMPSON: -- act of discovery. You've had two  
16 weeks to get to this case. Why am I not -- my lawyer's not  
17 here because of the way these people act, the way they sue  
18 everyone, threaten insurance companies, they threaten to sue.  
19 Let's make this a two-way discovery, guys. Let's make this  
20 two-way.

21 MR. MASUMOTO: Mr. Simpson?

22 MR. SIMPSON: (Indiscernible.)

23 MR. PASTERNAK: Jeff, Jeff, Jeff, I will speak for  
24 you offline, please. Let's get the 341 completed, everyone.

25 MR. MASUMOTO: All right. Mr. Koevary --



1 MR. KOEVARY: I don't have much more.

2 MR. MASUMOTO: Okay.

3 MR. PASTERNAK: Okay.

4 MR. KOEVARY: But --

5 MR. MASUMOTO: Mr. Koevary, why don't you proceed?

6 MR. KOEVARY: (Indiscernible) Jon -- Jon -- Jon --

7 Jon, look, sorry, Mr. Masumoto. I --

8 MR. PASTERNAK: Go ahead, Jonathan.

9 MR. KOEVARY: Okay. I don't have much more, but I  
10 don't want to hear that this is taking too long. Because of  
11 what the record is.

12 MR. MASUMOTO: All right, Mr. Koevary, let's --

13 MR. KOEVARY: (Indiscernible.)

14 MR. MASUMOTO: -- let's proceed.

15 MR. PASTERNAK: (Indiscernible) 341 should be  
16 wrapping up.

17 MR. KOEVARY: Okay.

18 MR. PASTERNAK: But go ahead.

19 MR. KOEVARY: Okay.

20 MR. PASTERNAK: (Indiscernible.)

21 MR. KOEVARY: All right. Other than the Cambridge  
22 Acquisitions account, did the debtor move AREH funds to any  
23 other accounts outside First Republic?

24 MR. SIMPSON: As I said to you prior, and I already  
25 answered your question, I said, yes. I said we established



1 bank accounts with the same team of First Republic people over  
2 at their new organization, which was Citizens because First  
3 Republic gave access to junior staff members who would give  
4 access to me, but by my documents to pay payroll. So yes, we  
5 established new bank account. Oh, this is undisclosed. So if  
6 they deserved it or not, for certain court orders, they have  
7 every piece of information, open to your clients, not AREH  
8 clients. But go ahead. Next.

9 MR. KOEVARY: You were talking with Mr. Southard about  
10 booking funds as loans, transfers as loans in and out of JJ  
11 Arch, correct.

12 MR. SIMPSON: I said there were small payments that  
13 were required for certain assets as it relates to JJ Arch, not  
14 AREH assets that I have made small loans to cover payroll and  
15 other costs, insurance costs, et cetera.

16 MR. KOEVARY: Okay. Were any of those post-petition?

17 MR. SIMPSON: Yes.

18 MR. KOEVARY: And did you receive court approval for  
19 any of those?

20 MR. SIMPSON: I didn't know I needed court approval,  
21 but to pay an insurance payment that was \$1,000 last week. I  
22 don't know. Again, the answer is I don't know, but counsel is  
23 here, right, but new, right? Like, he doesn't know either.  
24 But it's a choice of paying insurance or not, right? If that's  
25 the option, that's the option. If I have to get court approval



1 for \$2,000, shame on me. I guess I should have done that.

2 MR. KOEVARY: Okay. I have no further questions.

3 MR. MASUMOTO: All right. This is Brian Matsumoto.

4 Are there any other questions?

5 MS. THORNE: Yes, this is Leslie Thorne for Oak. I  
6 have a few questions.

7 MR. MASUMOTO: All right. Please proceed.

8 MR. SIMPSON: Can't wait. Go ahead.

9 MS. THORNE: All right. I'm going to jump around a  
10 little bit to try to keep things focused. But good afternoon,  
11 Mr. Simpson. First, I just wanted to confirm a few things  
12 about the portfolio projects, as that term is defined in your  
13 first day affidavit. I read that to mean essentially the  
14 properties that are more or less affiliated with with AREH.  
15 Are you following me so far on that?

16 MR. SIMPSON: Yeah.

17 MS. THORNE: Okay, great. So I understand from your  
18 answers to Mr. Koevary, that there are bank accounts for those  
19 portfolio projects that are held somewhere other than First  
20 Republic Bank. That's correct?

21 MR. SIMPSON: You are well aware of what other bank  
22 accounts there are. You have been on emails with me for  
23 months. So get to your point, please. You have been on the  
24 emails about every other bank account that exists. There are  
25 no others.



1 MS. THORNE: Okay. Mr. Simpson, if you could confirm  
2 for me today, what banks are currently holding bank accounts  
3 for the portfolio projects, that would be great.

4 MR. SIMPSON: I have no idea. I have zero connection  
5 to activity. I have no idea. I have no money access to any of  
6 those accounts. Your client and you have stolen it through  
7 lies you told to the Court. So I have no idea whatsoever. I  
8 do not know. I have no visibility. I have no access. I have  
9 no idea.

10 MS. THORNE: Okay. Without getting into that, I just  
11 want to confirm there --

12 MR. SIMPSON: No, that's the truth. That's the  
13 truth. Because you love to lie to the Court. But go ahead.  
14 What else?

15 MS. THORNE: So your testimony today is that there  
16 are bank accounts for the portfolio projects outside of First  
17 Republic Bank, but you do not know what banks those accounts  
18 are held in?

19 MR. SIMPSON: No.

20 MS. THORNE: Is that correct?

21 MR. SIMPSON: No. This is your typical lying  
22 nonsense. No, that's not what I said. What I said to you was,  
23 I already disclosed to the other guy who works for you, right?  
24 I already disclosed to him the banks that I was aware of. I do  
25 not know what you and your client have done since November. I



1 have no idea what's happened since November. No clue. I'm not  
2 disclosing --

3 MS. THORNE: (Indiscernible) --

4 MR. SIMPSON: -- you disclosed to Chassen, but you  
5 don't disclose to me even though he has no rights. But okay,  
6 go ahead. I do not know. I know the bank accounts that were  
7 established by me as (indiscernible). That is what I've  
8 disclosed to you, and that's what I know. Their answers since  
9 November, what you guys have done, I have no idea.

10 MS. THORNE: With all due respect, I don't know what  
11 other banks, which is why I'm asking the question.

12 MR. SIMPSON: No, you do know.

13 MS. THORNE: So --

14 MR. SIMPSON: You do know. You've been copied  
15 everything. You've been copied on everything for six months.  
16 You're as bad of a goon as the rest of them. You know  
17 everything, Leslie Thorne. Go ahead. What else you got?

18 MS. THORNE: Well, I'd like you to tell me the name  
19 of --

20 MR. SIMPSON: You've lied to the judge about me  
21 countless times. You've lied to the judge countless times  
22 about me. What else do you want to lie about today? Go ahead.

23 MR. PASTERNAK: Mr. Simpson, please.

24 MR. SIMPSON: Yes, I'm hanging up in a moment.

25 MR. PASTERNAK: Mr. Simpson.



1 MR. SIMPSON: I'm not taking this attack. This is  
2 ridiculous. These are a bunch of goons that are attacking me.  
3 This is not supposed to be a discovery.

4 MR. PASTERNAK: You answer the questions you don't  
5 know.

6 MR. SIMPSON: And she's asking me questions.

7 MR. PASTERNAK: Leslie, ask him the question.

8 MR. SIMPSON: The answer is I don't know. She keeps  
9 asking.

10 MR. PASTERNAK: So that's --

11 MR. SIMPSON: The answer is she knows more than I do.  
12 I don't know. (Indiscernible.)

13 MR. PASTERNAK: Whatever.

14 MR. SIMPSON: They have invaded my company.

15 MR. PASTERNAK: Then stop.

16 MR. SIMPSON: I don't know.

17 MR. PASTERNAK: You already said that. Let's move  
18 on.

19 MS. THORNE: And just to clarify, though, I  
20 understand you were taking the position that you don't know all  
21 the bank accounts, but you did note that you're aware of bank  
22 accounts that have your signature card and you referred to some  
23 of them with Mr. Koevary. And I'm just trying to understand  
24 where these accounts are. And (indiscernible) --

25 MR. SIMPSON: (Indiscernible.) I'm not repeating





1 myself. The three bank accounts we had banks with that I'm  
2 aware of, ConnectOne Bank, First Republic Bank, and Citizens.  
3 Citizens closed almost all of them because they were inactive.  
4 That's what they told all of us. You guys ask for screenshots  
5 through Mr. Griffin in November. They gave it all to you. I  
6 have not lied about a darn thing. So I don't know what you're  
7 referring to. If you have something else you want to point me  
8 to, please point it to me. If not, move on.

9 MS. THORNE: I am not here to argue with you,  
10 Mr. Simpson. (Indiscernible.)

11 MR. SIMPSON: You are here to argue. You're here to  
12 play your trickery games. That's what you love to do. Come  
13 on, what you got?

14 MR. MASUMOTO: Mr. Simpson?

15 MR. SIMPSON: Because you love to lie.

16 MR. MASUMOTO: This is Brian Masumoto. Please  
17 control yourself.

18 MR. SIMPSON: This woman has attacked me, has lied  
19 about me in court, and has -- should be disbarred for what she  
20 has done. So please don't think for one moment when she asks  
21 me leading questions that she's been on email for a year now,  
22 attacks me --

23 MR. MASUMOTO: Mr. Simpson, that's enough.

24 MR. SIMPSON: -- and has tampered -- she has tampered  
25 with evidence.



1 MR. MASUMOTO: Mr. Pasternak, please control your  
2 client, please.

3 MR. SIMPSON: She has tampered with evidence.

4 MR. MASUMOTO: All right.

5 MR. SIMPSON: I'm -- Jonathan Pasternak, this is not  
6 appropriate. If we have to go to the courts, go to the courts.  
7 This has got to stop. This is ridiculous.

8 MR. PASTERNAK: Jeff, this is a 341. You're required  
9 to answer some questions. (Indiscernible.)

10 MR. SIMPSON: I answered the questions.

11 MR. PASTERNAK: Just skip the commentary. Please  
12 skip the commentary. We'll save it for later. All rights are  
13 reserved.

14 Go ahead, Leslie.

15 MS. THORNE: Thank you. So I understand that you're  
16 saying there were accounts at ConnectOne, Citizens, and First  
17 Republic Bank. To the best of your knowledge, are there any  
18 other banks that hold accounts for the project?

19 MR. SIMPSON: To the best of my knowledge, the answer  
20 would be no, with the exception that it's possible that certain  
21 banking or lending institutions required an intermediary step  
22 to be funded. So it could be that when a certain stock  
23 account, a capital control agreement accounts was a required  
24 stop on the train at a Wells Fargo or some other banking  
25 institution along the way. But we had some other bank account



1 that was dictated or mandated by some other lender, that would  
2 be something that could have happened that I don't remember  
3 because it's been so many months that I've been exposed to it.

4 Other than that, as far as being, like, relationship  
5 banking, the three banks I mentioned to you are the ones that  
6 I'm aware of.

7 MS. THORNE: Okay. And Mr. Pasternak, we would just  
8 ask that at some point you will assemble a list of what the  
9 bank accounts are so that we can have those.

10 MR. SIMPSON: No, you have the list. You have the  
11 list. That's not a fair question.

12 MR. PASTERNAK: Please --

13 MR. SIMPSON: You have the list. You should --

14 MR. PASTERNAK: Jeff.

15 MR. SIMPSON: -- have everything.

16 MR. PASTERNAK: Jeff, please stop. Put your question  
17 in writing, Leslie. Thank you.

18 MS. THORNE: Okay. Thank you. Moving on to a  
19 somewhat different issue. I just wanted to confirm my  
20 understanding of a few of your responses to the trustee's  
21 questions. So I understood that you were saying the debtor has  
22 not contributed funds to or invested equity in any of the  
23 portfolio projects. Is that correct?

24 MR. SIMPSON: I didn't say that. Not what I said. I  
25 said something --



1 MS. THORNE: Okay.

2 MR. SIMPSON: -- very different than that. This is  
3 exactly why this isn't going to work. But okay, I'm going to  
4 give you the clarity since you like to twist words. You're  
5 very good at it. Okay. So what I said to you is if you look  
6 at Exhibit C, and you look at what it says, JJ Arch LLC, or one  
7 controlled by JJ Arch LLC. That is the words I said. Did you  
8 not hear my words?

9 MS. THORNE: I heard your words, but I just want to  
10 clarify my question, which is the debtor JJ Arch LLC has not  
11 contributed funds to any of the portfolio projects. Is that  
12 correct?

13 MR. SIMPSON: No, that's not a fair statement.

14 MS. THORNE: Okay.

15 MR. SIMPSON: That's not a fair statement.

16 MS. THORNE: Can you tell me what funds have been  
17 invested by the debtor itself into portfolio projects?

18 MR. SIMPSON: When? Which time period?

19 MS. THORNE: Any time period.

20 MR. SIMPSON: Okay. There we go with the cuteness.  
21 Do you think I know right now six years of records in front of  
22 me on this call what monies were given when? You want to talk  
23 about the loans that JJ Arch made to Arch Real Estate Holdings  
24 when we didn't ask your client and we got zero interest for it?  
25 We've already sent you those spreadsheets. You just avoided



1 | them. So I don't have it in front of me. We've done this  
2 | exercise for you. You just use it when you want to use it. So  
3 | I don't have six years in front of me of how monies were funded  
4 | and from where. I'm not playing that game with you. If you  
5 | want to talk about what's happened since the filing of the  
6 | bankruptcy, that's what we can talk about right now. But I'm  
7 | not going back six years right now in front of me, I don't have  
8 | that information. How could I possibly?

9 | MS. THORNE: Okay. So you can't identify for me  
10 | today any funds that JJ Arch LLC has invested in any of the  
11 | portfolio projects, correct?

12 | MR. SIMPSON: No, not what I said at all. Affiliates  
13 | of JJ Arch have invested millions, millions of dollars,  
14 | including me personally. Okay, affiliates of JJ Arch. Money  
15 | would flow from me to JJ Arch and JJ Arch into the assets. It  
16 | happened and then it --at asset level JJ entity. So those  
17 | things definitely happened. I don't have an accounting of it  
18 | in front of me, but it's millions of dollars. It's not only by  
19 | me, it's by Chassen, it was by Tristan Lance (phonetic), it was  
20 | by Michelle Miller, it was by family members. It's countless  
21 | dollars. Millions and millions and millions of dollars. So  
22 | affiliated JJ entities, absolutely.

23 | MS. THORNE: Perhaps I'm not being clear. My  
24 | question is not about JJ Arch affiliated entities. My question  
25 | is with respect to the debtor. Has the debtor invested --



1 MR. SIMPSON: The debtor is JJ Arch, as I have it on  
2 the schedule as direct and indirect, right? The JJ entities,  
3 as we refer to them as indirect on purpose for tax purposes,  
4 right, was set up this way. If you look at Exhibit C, Exhibit  
5 D, in the corporate documents, which you tend to ignore, right?  
6 Those documents refer to exactly how it's set up. So you can  
7 refer to those documents to answer your question. You have all  
8 the entities. You have all the JJ entities. You've seen them  
9 all. You know how much money's in them. Your client loves to  
10 tell everybody how much is in each account with grants that  
11 they polled everybody. So I don't know what you're asking me  
12 above and beyond that.

13 MS. THORNE: Let me shift gears a little bit.  
14 Earlier, we talked about YJ SIMCO, and you confirmed that it's  
15 an entity owned by you and your wife, correct?

16 MR. SIMPSON: It's owned by my family members.  
17 What --

18 MS. THORNE: Okay.

19 MR. SIMPSON: -- was your questions about YJ SIMCO?

20 MS. THORNE: And you noted that YJ SIMCO LLC has  
21 nothing to do with this bankruptcy, right?

22 MR. SIMPSON: It's not part of this bankruptcy  
23 whatsoever.

24 MS. THORNE: Okay. A moment ago, we were talking  
25 about these, I think you called them JJ-affiliated entities.



1 Those would include things like JJ Haverhill LLC, JJ Columbia  
2 LLC, you know, 10 to 20 others, correct?

3 MR. SIMPSON: Right.

4 MS. THORNE: Okay. And the debtor previously  
5 assigned all of its membership interests in those entities to  
6 YJ SIMCO, correct?

7 MR. SIMPSON: It assigned any distributions, if there  
8 was money to go to it, it could go upstream to an entity that  
9 would be controlled by YJ SIMCO, or I could have changed it. I  
10 don't know off the top of my head if I changed it or not, but  
11 I'm allowed to do that. I have full authority to do that in my  
12 documents. So I don't know where it currently stands. I'd  
13 have to look. I'd have to ask my accountant.

14 MS. THORNE: (Indiscernible) --

15 MR. SIMPSON: I don't need anyone's authority to  
16 change where it -- I have no -- I don't need anyone's authority  
17 to decide where I divert money that belonged to me as a net  
18 result of distribution.

19 MS. THORNE: And so is it your testimony that you  
20 have every right to transfer JJ Arch interests and money to  
21 other entities without input from others? Is that right?

22 MR. SIMPSON: For funds that would be going to a  
23 partner of JJ Arch, AKA me, I could do what I want to do with  
24 it. If it involves others, there may be requirements. But I  
25 could tell you, as it relates to Chassen, he hasn't had any



1 rights since 2021. So he hasn't had any authority to make any  
2 decisions. Who else is there? Who else is there? You? You,  
3 Oak? Who else is there? Again, who else is there? There were  
4 only two members of JJ Arch, right? Jeff and Jared. Unless  
5 you, Oak, took over their assets, took over Jared's assets,  
6 which I believe you did last year, who else is there? So yes,  
7 wherever Chassen directed his money, he had every right to do.  
8 Wherever Oak directed their money, they had the right to do.  
9 We all have the right to direct our money to whoever we wanted  
10 to send it to, don't we?

11 MS. THORNE: So to date, how much money has the  
12 debtor transferred or paid to YJ SIMCO post-petition? And just  
13 approximately.

14 MR. SIMPSON: JJ Arch, post-petition, zero.

15 MS. THORNE: Okay. How much money has the debtor  
16 transferred or paid to you personally post-petition?

17 MR. SIMPSON: As I mentioned, the only monies that  
18 would have been transferred to an entity controlled by me would  
19 be small amounts of reimbursement of funds that were made on  
20 behalf of not the entities that you have any interest in, the  
21 other entities that you have nothing to do with.

22 MS. THORNE: Okay.

23 MR. SIMPSON: And it's small amounts of money.

24 MS. THORNE: I'm just trying to quantify this a  
25 little bit. Just approximately how much money would that be?





1 I understand you're saying a small amount.

2 MR. SIMPSON: It's less than a hundred grand, maybe  
3 50 grand, 60 grand, 30 grand, tiny.

4 MS. THORNE: Okay. Thank you. Turning to the  
5 debtor's schedules of financial affairs, I see in there that  
6 the debtor claims an accounts receivable amount of  
7 approximately 344,000 that's purportedly owed by AREH. Does  
8 that ring a bell?

9 MR. SIMPSON: It does.

10 MS. THORNE: Okay. And just for reference,  
11 Mr. Pasternak, if you're looking at it, that's in Docket 31,  
12 Part 3, it's Question 11.

13 MS. PASTERNAK: Yes, we're aware of the --

14 MS. THORNE: Does that -- okay. Does that amount  
15 represent the guaranteed payment referred to in the AREH  
16 operating agreement?

17 MR. SIMPSON: I love when you ask questions you know  
18 the answers to because I sent the claim to you, Leslie Thorne,  
19 that had this exact request. So the answer is yes.

20 MS. THORNE: Okay.

21 MR. SIMPSON: What is your question? You know the  
22 answer to the question.

23 MS. THORNE: Okay.

24 MR. SIMPSON: You have the copy of the email when I  
25 asked for it. But go ahead.



1 MS. THORNE: And what time period does this cover?

2 MR. SIMPSON: I don't know off the top of my head,  
3 but I sent you a spreadsheet when I sent it. Go back to your  
4 email and check. You shouldn't ask me a question you know the  
5 answer to.

6 MS. THORNE: As far as I can determine, it appears to  
7 cover 2023 through the first week of November. Does that sound  
8 right to you?

9 MR. SIMPSON: I followed the documents to say the  
10 amounts that were not taken during the period of time that I  
11 didn't take the guaranteed payments as JJ Arch was summed up  
12 until a point of time in the contract that you took over  
13 temporary control, where it says in the document of what  
14 guaranteed payment is supposed to be. So that number added up  
15 to whatever I put on the spreadsheet.

16 MS. THORNE: Okay.

17 MR. SIMPSON: 324-, 320-, whatever the number was,  
18 but I did not put money in my pocket during those periods of  
19 time. Right? There -- as a net result, this is a net effect  
20 of money that were owed to the JJ entity. Chassen didn't serve  
21 any distributions because he had a member loan outstanding over  
22 a million-two. So any money that go to JJ Arch would have gone  
23 to JJ Arch and then to me because Chassen has to pay off the  
24 member loan first. That's how it works.

25 MS. THORNE: Okay. And just for clarity, I know that



1 JJ Arch has taken a position in some filings that you,  
2 Mr. Simpson, quote, "selflessly" did not take, quote,  
3 "distributions" for some period of time. Is that the same  
4 amount that is referenced in this 344,000?

5 MR. SIMPSON: That 344- would be part of  
6 distributions that I would have been entitled to. Did I get  
7 net zero during that time? I don't know. But I know I loaned  
8 a lot of money to the company, too. So I don't have a  
9 reconciliation of that. I don't have an accounting of it in  
10 front of me. But as a net result, as of that date, the amount  
11 that was owed to me from the guaranteed payments, that was the  
12 amount owed to JJ Arch.

13 MS. THORNE: Okay. And do you claim some other  
14 distributions were owed by AREH over and above this guaranteed  
15 payment?

16 MR. SIMPSON: What -- how is that a relevant question  
17 here?

18 MS. THORNE: Well, in the schedule of financial  
19 affairs, you note money is owed allegedly by AREH. And I'm  
20 just trying to understand --

21 MR. SIMPSON: Honestly, no, I haven't seen  
22 financials. I haven't seen any financials since November. And  
23 even then, it was murky. And you guys have been antagonizing  
24 people since March and April of my accounting team. So it's  
25 been a year since I really know what's going on financially or



1 longer. So I have no idea. Ask Frank Sandeepan (phonetic).  
2 Ask your guys on the phone.

3 MS. THORNE: Just so I understand, the 344,000, the  
4 guaranteed payment under the AREH operating agreement is  
5 contingent on the approval of an annual budget, correct? Uh-  
6 huh. Okay. And can you tell me the last year in which there  
7 was an approved annual budget?

8 MR. SIMPSON: Oh, I'm so excited, Leslie Thorne. I  
9 love your question. I'm so happy you asked this question. You  
10 know why? Because I've asked this to you three times. And I'm  
11 going to do it again right now. Here's what it says. Read the  
12 words.

13 If a budget wasn't approved, and by the way, we had a  
14 meeting, and there's proof of the meeting in September of 2022.  
15 We met with the boys to talk about the budget, and there was a  
16 missed error on the date. And guess what? Doesn't matter.  
17 You know what it says? If the budget's not approved, you take  
18 the lesser of the last year. And that budget the year before  
19 was much greater. So don't tell me for one second the budget  
20 wasn't approved. Don't even go there with your nonsense.  
21 Okay? We've had this dialogue already. You've got emails with  
22 me about it. This is not discovery. Move on. Ask a question  
23 you haven't already asked.

24 MS. THORNE: Okay. So I'm trying to understand where  
25 the 344 comes from. And it seems to me, you can tell me



1 otherwise --

2 MR. SIMPSON: The \$800,000 allocation of the JJ Arch  
3 under the budget. Ask Kevin Weiner. He's here. Okay.

4 MS. THORNE: Okay. It appears that under the 2021  
5 budget, there is a line item for \$1,188,000.97 for payroll --

6 MR. SIMPSON: Yeah.

7 MS. THORNE: -- and guaranteed payment, correct? Is  
8 that right?

9 MR. SIMPSON: I don't know the exact numbers.  
10 Possibly. Or the magnitude? Possibly, yeah.

11 MS. THORNE: So --

12 MR. SIMPSON: We can send Chassen -- did Chassen put  
13 in his papers to the Court he's going to lose \$600,000 of being  
14 fired? Did you not see that? The paper's (indiscernible),  
15 right? So where do you think the money came from? That  
16 million-dollar line item, right?

17 MS. THORNE: So in the budget, the payroll expenses  
18 were combined with the guaranteed payment amounts, correct?

19 MR. SIMPSON: No, absolutely not. Definitely not.  
20 They were separated. They were separate line items. I do not  
21 have it in front of me. It was never commingled. It was  
22 always done separately. And it was reviewed with Oak  
23 constantly, every month, every week, through accounting people,  
24 it was done. Again, this guys, this is discovery. That's not  
25 a bankruptcy question.



1 Jonathan, please step in. This is a discovery thing.  
2 If she wants to do discovery, when her guy's ready to give up  
3 the truth about what her and Chassen did, then we can talk  
4 about it.

5 MR. PASTERNAK: Jeff --

6 MR. SIMPSON: One of these days --

7 MR. MASUMOTO: Mr. Simpson, this -- wait.

8 MR. PASTERNAK: -- please?

9 MR. MASUMOTO: Jonathan?

10 MS. PASTERNAK: Yes, sir?

11 MR. MASUMOTO: This is Brian Masumoto from the U.S.  
12 Trustee's office.

13 Ms. Thorne, do you have any further questions related  
14 to the \$344,000 receivable amount?

15 MS. THORNE: I just would like to hear Mr. Simpson's  
16 explanation of --

17 MR. MASUMOTO: No --

18 MS. THORNE: -- how that 344,000 was calculated.

19 MR. MASUMOTO: Ms. Thorne, I think --

20 MR. SIMPSON: You have the spreadsheets. Read it.

21 MR. MASUMOTO: Hang on. Ms. Thorne, I think that's a  
22 question that should be left for the future for the discovery,  
23 you know, if it takes place. You can raise that, at least in  
24 my mind, with respect to any challenges to the monthly  
25 operating report. That amount was listed on the monthly



1 operating report for March. If you believe the reports are  
2 inaccurate, or should be amplified, you can address it in that  
3 context. I don't think we need to go into that much detail in  
4 this 341 meeting. So if you have any further questions, please  
5 go ahead. But as to the 344-, I'd ask that you deal with that  
6 outside of this 341 meeting. Do you have any other questions?

7 MS. THORNE: Sure, I'm happy to move on.

8 MR. MASUMOTO: Okay, go ahead.

9 MS. THORNE: I do just have a few other questions.  
10 Do the debtor's schedules anywhere address the amount that's  
11 required to pay AREH for the use of its personnel to perform  
12 work on behalf of the debtors?

13 MR. SIMPSON: Excuse me, Ms. Thorne. Again, who owns  
14 AREH? And who loans money to AREH? Does it address the money  
15 that I lent the company? Does it address the work logs I did  
16 for the Wieners in Florida for years? Does it address all the  
17 damages they caused? (Indiscernible) --

18 MR. MASUMOTO: Mr. Simpson, please be concise with  
19 your answer. If you can, yes or no. If not, (indiscernible).

20 MR. SIMPSON: The answer is I can't answer her  
21 question. She is here and she is a conniving human being.  
22 She's here to try to do discovery on me. This is not  
23 appropriate. She has done horrible things and I'm done with  
24 this. I'm sorry, Mr. Masumoto, with her, I'm done. If there's  
25 other relevant questions for bankruptcy, I'm willing to do it.



1 But with an illegitimate human like she is, if she lies to the  
2 Court about me, I'm not going to continue this barrage in  
3 front of 10 people. I'm not. She'll have her day when I  
4 interview her guys for all the bad stuff they've done. I have  
5 proof of it. Proof. (Indiscernible).

6 MR. MASUMOTO: All right. That -- Mr. Simpson,  
7 that's enough.

8 Ms. Thorne, I believe you're not going to get an  
9 answer to that question. So can you move on?

10 MS. THORNE: It appears that. Sure, just a couple of  
11 other things. I've seen the representations that the debtor  
12 does not have any employees, correct. Is that right?

13 MR. SIMPSON: JJ Arch has no employees.

14 MS. THORNE: Okay. Has the debtor ever employed its  
15 own accounting staff?

16 MR. SIMPSON: Here we go again. No. Outside people?  
17 Yes. Internally? No. Outside? Yes.

18 MS. THORNE: Okay. Can you tell us who has done the  
19 accounting for the debtor?

20 MR. SIMPSON: There are people at Arch, which  
21 participated to help us, my company, yes. And outside firms.  
22 Yes. I know where you're going with this nonsense. Oh, my  
23 gosh.

24 MS. THORNE: And I'm sorry. When you say --

25 MR. SIMPSON: You've been on this for a year now.





1 MS. THORNE: When you say my company --

2 MR. SIMPSON: -- yes, yes. Yes, ma'am. Five-year  
3 exclusivity. Five-year exclusivity gone. Oak said no, they  
4 don't want to continue after five years. You want to talk  
5 about those meetings? Well, we asked them read what the  
6 definition of expiration date in Arch. It says after five  
7 years, there is no more Oak. They hit their 50 million. They  
8 said no, thanks. They're done. They're gone. 100 percent JJ  
9 Arch after five years. Read the document. Read the document.

10 MS. THORNE: Sir, I'm just trying to clarify who  
11 you're referring to when you say my company.

12 MR. SIMPSON: No, you're not. You're not. You're  
13 not trying to clarify anything. You're not trying to clarify  
14 anything. You're playing games. I know exactly what you're  
15 trying to do. You're trying to say that I use people in the  
16 company for things that I shouldn't have and you're wrong. My  
17 bank accounts were available to the company at all time. Use  
18 all my cash. (Indiscernible.)

19 MR. MASUMOTO: Mr. Simpson, this is Brian --

20 MR. SIMPSON: (Indiscernible) --

21 MR. MASUMOTO: Mr. Simpson, stop. Mr. Simpson, this  
22 is Brian Masumoto. Can you answer simply what outside  
23 accounting firms were used on behalf of JJ Arch? Can you  
24 identify those firms?

25 MR. SIMPSON: Yeah. Lear & Pannepacker. Lear &



1 Pannepacker of New Jersey.

2 MR. MASUMOTO: Okay. Any other firms?

3 MR. SIMPSON: Yes. I don't remember the name of the  
4 firm. The gentleman's name is Scott. I have to find his name.  
5 He's a sole practitioner. And then I -- and then -- and I've  
6 -- we've had other, you know, people out here and there. We've  
7 had consulted people. We've had services. There's a variety.  
8 I mean, it's not -- again, I don't know where were going with  
9 this.

10 MR. MASUMOTO: All right. Thank you.

11 Mr. Pasternak, perhaps you can consult with your  
12 client and provide a list of those accounting firms to  
13 Ms. Thorne. Can you -- let's move on to the next question.

14 MS. THORNE: Sure. And this just relates to there  
15 was a statement in the objection to the remand motion that  
16 talked about the debtor's accounting staff and CFO quitting.  
17 And so I was trying to figure out who that is referring to if  
18 the debtor didn't have any employees.

19 MR. SIMPSON: Again, you don't seem to understand, do  
20 you? What your client told you is wrong. You don't read the  
21 document. Right? Who -- who is Arch? Right? Where did Arch  
22 come -- come from? Would Arch exist without Jeff Simpson? No,  
23 it would not. Right? JJ Arch was there for the purpose that  
24 you know.

25 So you (indiscernible) he was there to support the



1 overall business. If I had other businesses I was allowed to  
2 do, and he -- my money was used constantly to support the  
3 company, which you've got accounting of, if he helped to look  
4 at things for me as the guarantor, who was a guarantor for  
5 things and was prepared to be the sole guarantor to relieve  
6 your client of guarantees which they didn't accept, why would  
7 he not have knowledge or understanding of my accounting? Why  
8 would he not? Stupid question.

9 Get some common sense, lady. I'm done with her.  
10 Really? Move on. Or I'm going to end this. This is really  
11 crazy. This is -- we did a lot of discovery doing on the bad  
12 actors. Not me. I'm the honest guy here.

13 MS. PASTERNAK: Jeff, Jeff --

14 MR. SIMPSON: (Indiscernible.)

15 MR. PASTERNAK: Jeff, let's get the meeting finished.

16 Okay?

17 Leslie, please ask some final questions.

18 MR. SIMPSON: And she's done.

19 MR. PASTERNAK: Thank you.

20 MR. SIMPSON: I'm done talking to her. Move on.

21 MR. PASTERNAK: Jeff, you can't dictate, Jeff.

22 Follow my instructions, please.

23 Leslie, do you have any final questions?

24 MS. THORNE: Just a few more. With respect to the  
25 debtor's March monthly operating report, I saw a statement that



1 the debtor cannot file its tax returns for 2022 and 2023 until  
2 AREH completes its return for those years. Why is that?

3 MR. SIMPSON: Did I not just answer for you the  
4 ownership structure? How could JJ Arch file its bank -- how  
5 could it file its tax returns when it owns the majority of  
6 AREH? And AREH is hid from me thanks to you and your -- and  
7 your goon behavior. I don't have any information to file tax  
8 returns. Provide for me the K-1. Provide for me everything  
9 for AREH that belongs to me and I'll file the returns.

10 MS. THORNE: Well, you agree that the debtor was  
11 responsible for generating the K-1 tax forms for AREH and its  
12 investors every year prior to November 3rd, 2023, right?

13 MR. SIMPSON: No. Until you started meddling in  
14 March and February, stopped paying bills, until that point,  
15 yes. But not November. Absolutely not. And there's no  
16 start/stop period in the agreement. We're not going there. As  
17 every lender told you, when you decide to step in, you took  
18 over every piece of shit since 2017. So again, you want to  
19 have this assistance here, we can have that one-on-one, no  
20 problem.

21 But I was responsible. We did great with tax and  
22 everything until bills stopped getting paid by your people of  
23 obligation. So everything got messy in February, March of '23.  
24 Not in November.

25 MS. THORNE: But you're aware that as of November



1 2023, when you --

2 MR. SIMPSON: Yeah.

3 MS. THORNE: -- were no longer acting as managing  
4 member, the K-1 forms for the 2022 tax year had still not been  
5 provided to investors, correct?

6 MR. SIMPSON: And why is that?

7 MR. MASUMOTO: Excuse me. This is Brian Masumoto. I  
8 think this is going far afield with respect to tax return  
9 issues. You can deal with that in discovery.

10 Ms. Thorne, can you move on to your next question?

11 MS. THORNE: Understood. That's all I have. Thank  
12 you very much.

13 MR. MASUMOTO: All right. Thank you.

14 MS. THORNE: Have a great day, Jeff.

15 MR. SIMPSON: Thank you.

16 MR. MASUMOTO: Are there any final -- I mean, how  
17 many other people need to ask questions? Are there any other  
18 questions?

19 MR. HEUER: Hey Brian, Bill Heuer for 40 Neutral and  
20 K Properties. I have one question.

21 MR. MASUMOTO: All right. One question. Go ahead.

22 MR. HEUER: I represent 40 Neutral and Kay. You may  
23 recall that's the property at 146 East 89th Street. Since the  
24 bankruptcy case has been filed, has the debtor made any effort  
25 to sell or market that property?



1 MR. SIMPSON: The debtor has talked with you about  
2 process and procedure. She tried to sell in an amicable way.  
3 And there's been a lot of dialogue, and it hasn't been  
4 functional. But to answer your question more explicitly, what  
5 you don't want to know, and that your colleague, your partner  
6 knows, is I got a new construction loan that your client was  
7 somewhat happy with, but got greedy and demanded that when I  
8 brought a new investor with new money to this deal less than  
9 four months ago, he got greedy and followed Chassen about who  
10 the money was going to.

11 So that was one of my efforts. I worked out this  
12 deal. And your partner at Westerman Ball was well aware of it.  
13 And your client was well aware of it. Mr. Peltzman (phonetic),  
14 who I've known for a decade that I had money lined up. And  
15 then when this all got worse, she had every opportunity to step  
16 to the plate to jump in.

17 So I've done my part, bringing a construction loan  
18 and bringing a new investor, all paper, all sent to your client  
19 for review, even though they didn't have authority to review,  
20 because they have no rights. It was disclosed to all of them.  
21 It was disclosed. There was agreement you mentioned earlier  
22 today. We're not going to go back into that this afternoon.  
23 Right. And it sounds to me like Mr. Pasternak is going to  
24 speak with you about a plan forward.

25 So I don't know what you're getting at here. I can't



1 do something fully without the Court's approval. And that's  
2 not what my intentions are.

3 MR. HEUER: So I appreciate the things you said, but  
4 it's a very straightforward, simple, it can almost be a yes or  
5 no answer. Has the debtor tried to sell?

6 MR. SIMPSON: It's a no. How? How? No, how?  
7 You've disputed -- you -- your client has disputed any version  
8 we've offered of how to sell it. Right. And given we're under  
9 a bankruptcy, I'm not going to go against the grain of the  
10 dialogue that exists in a bankruptcy. So no, I have not done  
11 anything --

12 MR. PASTERNAK: You answered the question. The  
13 answer is no. Thank you.

14 MR. HEUER: I have nothing further. Thank you.

15 MR. MASUMOTO: All right. Thank you.

16 MR. HEUER: Thank you, Mr. Masumoto.

17 MR. MASUMOTO: Are there any other questions? All  
18 right. Thank you.

19 MR. WIENER: Yes, Kevin Wiener. I don't -- my  
20 counsel to asked questions. There's just some stuff that was  
21 raised that I don't think they would have been aware of the  
22 context of --

23 MR. PASTERNAK: Mr. Wiener's not allowed to ask  
24 questions, Mr. Masumoto.

25 MR. SIMPSON: That's not right.



1 MR. WIENER: I believe this is our creditor's  
2 meeting, there's some flexibility around --

3 MR. SIMPSON: Are you a creditor? He's not a  
4 creditor.

5 MR. WIENER: 608941 has a very large disputed claim.  
6 So we certainly (indiscernible) creditor.

7 MR. PASTERNAK: Are you represented by counsel?

8 MR. WIENER: (Indiscernible.)

9 MR. MASUMOTO: Mr. Wiener, how many questions do you  
10 have?

11 MR. WIENER: Not a lot, like five or six.

12 MR. MASUMOTO: All right. I'll limit you to -- I'll  
13 limit you to two questions. Pick your two best and answer them  
14 -- ask them.

15 MR. WIENER: Okay. I guess first question, you have  
16 four or five fully controlled subsidiaries of JJ Arch that have  
17 operating businesses or properties. Rever, which is the car  
18 dealership, (indiscernible) which is the rental, 550  
19 Metropolitan, (indiscernible) condos, and East 89th Street,  
20 which is a development project. My understanding is all four  
21 of those properties/businesses have secured loans that are  
22 either in default or in foreclosure. And obviously, there's  
23 some dispute over what to do around Head of Pond.

24 And I guess my question is, when you filed this  
25 bankruptcy, given all of the debtors controlled assets or any





1 other entities that are all facing creditor claims, why did you  
2 not put any of your subsidiaries in the bankruptcies so you  
3 could actually restructure your debt and get some cash flow up  
4 to JJ Arch to pay its creditors?

5 MR. SIMPSON: First of all, none of those things are  
6 your business. Second of all, they're not facing foreclosure  
7 whatsoever. Right? There's one, 89th Street, which the loan  
8 was sold. Thanks to everything you did, ConnectOne Bank got  
9 spooked and sold the loan. And that's -- the others -- I don't  
10 have any foreclosure notice to any of the other properties. I  
11 don't know what you're talking about.

12 MR. WIENER: (Indiscernible) foreclosure. That one  
13 has others in defaults though.

14 MR. SIMPSON: What is your point Kevin? What are you  
15 asking? It's none of your business anyway? Why is that  
16 relevant to you?

17 MR. WIENER: Well, I'm going --

18 MR. SIMPSON: Unless you -- you're looking up JJ Arch  
19 -- you're looking up JJ Arch assets. How is it relevant to  
20 you, Kevin Wiener? It's none of your business.

21 MR. WIENER: Well, because I have to decide whether  
22 to file --

23 MR. SIMPSON: (Indiscernible.)

24 MR. WIENER: -- a proof of claim. And in order to  
25 file a proof of claim --



1 MR. SIMPSON: Yeah. A proof of claim for what?

2 MR. WIENER: -- I need to know --

3 MR. SIMPSON: You're not a creditor.

4 MR. WIENER: -- what --

5 MR. SIMPSON: You're not a creditor. You're a  
6 (indiscernible). You're not a creditor. Move on to the next  
7 question. I'm not answering his question.

8 MR. WIENER: Well, I guess that's something that  
9 would be determined by the --

10 MR. SIMPSON: He doesn't deserve the answer to the  
11 question.

12 MR. WIENER: -- bankruptcy court. I'm just trying to  
13 understand what assets are available to --

14 MR. SIMPSON: (Indiscernible.)

15 MR. MASUMOTO: Stop. This is --

16 MR. SIMPSON: He is not a creditor. You are not a  
17 creditor.

18 MR. MASUMOTO: This is Brian.

19 MR. SIMPSON: You are a goon. You are not creditor.

20 MR. MASUMOTO: This is Brian Masumoto. Mr. Wiener, I  
21 think you got your answer, may not be the one you want. You  
22 can take any action you deem appropriate. Accordingly, why  
23 don't you ask your next next question?

24 MR. WIENER: Okay. My next question would be, do you  
25 have an estimate for the liquidation value if they were to be



1 liquidated today? Even a broad estimate of those directly  
2 controlled non-debtor entities?

3 MR. SIMPSON: Absolutely inappropriate for me to  
4 answer that question for -- for the goon that's trying to take  
5 advantage of me. Unless Jonathan, if you tell me I have to  
6 answer, I'm not answering for him. No chance. This man  
7 inappropriately --

8 MR. PASTERNAK: (Indiscernible.)

9 MR. SIMPSON: -- (indiscernible). Jonathan,  
10 (indiscernible) of it.

11 MR. PASTERNAK: Jeff --

12 MR. SIMPSON: He doesn't deserve it.

13 MR. PASTERNAK: Mr. Wiener, if this company proposed  
14 the plan of reorganization, it will have to, by rule, provide a  
15 liquidation analysis. We are not prepared to present one at  
16 this point. But thank you for your question.

17 MR. MASUMOTO: All right. This is Brian Masumoto.

18 MR. WIENER: (Indiscernible). I did have one other  
19 but I guess I'm stuck.

20 MR. SIMPSON: No, you already asked your  
21 (indiscernible).

22 MR. WIENER: I appreciate it. Thank you.

23 MR. SIMPSON: You're done here. You're done.

24 MR. PASTERNAK: Thank you, Jeff. That's enough.

25 MR. MASUMOTO: All right. Thank you. All right. I



1 believe at this point, I will conclude this 341 meeting. I  
2 will, in fact, probably schedule a continued 341 meeting, given  
3 that I don't have any finality on the schedules and statement  
4 of financial affairs.

5 At this time, however, I do believe I am not in a  
6 position to schedule one. A future continued date will be set  
7 forth on the docket when I have some additional information.  
8 Thank you very much for your participation.

9 And this 341 is concluded for today.

10 MR. PASTERNAK: Thanks to everyone. Have a nice day.

11 MR. MASUMOTO: All right.

12 MS. THORNE: Thank you.

13 MR. MASUMOTO: Bye.

14 (Proceedings concluded)

15 \* \* \* \* \*

16

17

18

19

20

21

22

23

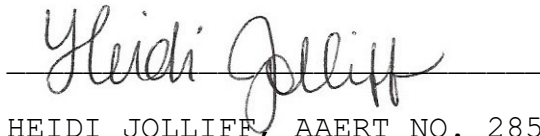
24

25



C E R T I F I C A T I O N

I, Heidi Jolliff, court-approved transcriber, hereby  
certify that the foregoing is a correct transcript from the  
official electronic sound recording of the proceedings in the  
above-entitled matter.



HEIDI JOLLIFF, AAERT NO. 2850

DATE: JULY 1, 2024

ACCESS TRANSCRIPTS, LLC

